Reborn: Enriching People's Lives in the Digital Era

2015 Annual Report

indosat ooredoo

In 2015, we rebranded as Indosat Ooredoo as part of our comprehensive transformation to become a leader in digital services, with a vision of becoming the leading digital telco for the people of Indonesia.

"PT Indosat Tbk" will be used interchangeably with "Indosat Ooredoo", the "Company", "Us", "We", or "Our" throughout this Annual Report.

Introducing

In 2015 we embarked on a new journey as Indosat Ooredoo, a name that symbolizes the coming together of two great brands and our evolution beyond telecommunications to engage, empower and enrich people through digital solutions.

Liberating product & services

Easy-to-use and relevant services which enable our customers to confidently connect and profit from the digital economy

A strong data network

The strongest and most reliable network, delivering a best-in-class experience where it matters for our customers

Mbps
download speed
185

Mbps
upload speed

41

Indonesia's fastest 4G Network*

*) Speed Test Award By Ookla, February 2016

We treat our customer like a friend

We put ourselves in their shoes to better anticipate their needs in an ever changing digital world

69.7

million customers

Contents

Financial Highlights

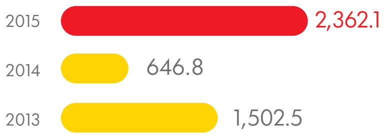
Consolidated Statement of Profit (Loss) (Rp billion)		2013	2014	2015
Revenue		23,855.3	24,085.1	26,768.5
Expenses		(22,352.8)	(23,438.3)	(24,406.4)
Operating Profit		1,502.5	646.8	2,362.1
Other Expenses-Net		(4,843.1)	(2,608.8)	(4,147.9)
Profit (Loss) before Income Tax		(3,340.6)	(1,962.0)	(1,785.8)
Income Tax Benefit - Net		668.6	83.8	622.3
Profit (Loss) for the Year		(2,672.0)	(1,878.2)	(1,163.5)
Profit for the Year Attributable to Non-Controlling Interests		116.2	130.2	146.5
Profit (Loss) for The Year Attributable to Owners of the Parent		(2,788.2)	(2,008.4)	(1,310.0)
Shares Outstanding (in million of shares)		5,433.9	5,433.9	5,433.9
Basic Earnings (Loss) per Share Attributable to Owners of the Parent (in Rp full amount)		(513.11)	(369.60)	(241.08)
EBITDA		10,369.3	10,033.1	11,473.3
Consolidated Statement of Financial Position (Rp billion)				
Total Assets		54,566.0	53,269.7	55,388.5
Property and Equipment-Net		42,190.1	40,775.9	41,821.7
Working Capital		(6,325.1)	(12,556.8)	(10,133.9)
Total Liabilities		37,794.9	38,971.1	42,124.7
Non-controlling Interest		597.6	680.7	781.0
Total Equity Attributable to Owners of the Parent		16,173.5	13,617.9	12,482.8
Operating Ratios (%)				
Operating Profit to Revenue		6.3%	2.7%	8.8%
Operating Profit to Equity Attributable to Owners of the Parent		9.3%	4.8%	18.9%
Operating Profit to Total Assets		2.8%	1.2%	4.3%
EBITDA Margin		43.5%	41.7%	42.9%
Net Profit (loss) Margin Attributable to Owners of the Parent		-11.7%	-8.3%	-4.9%
Return on Equity Attributable to Owners of the Parent		-17.2%	-14.8%	-10.5%
Return on Assets Attributable to Owners of the Parent		-5.1%	-3.8%	-2.4%
Financial Ratios (%)				
Current Ratio		53.1%	40.6%	49.5%
Gross Debt to Equity Ratio	<2.50x	1.70x	1.91x	2.09x
Gross Debt to EBITDA	<3.50x	2.71x	2.73x	2.42x
Total Liabilities to Total Assets		69.3%	73.2%	76.1%
Dividend Per Share (Rp)				
Final		34.52	N/A*	N/A*
Payment Date		7/29/13	N/A*	N/A*

*No dividend was paid out in 2015.

Revenue
(Rp billion)

Expenses
(Rp billion)

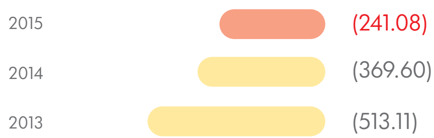
Operating Profit
(Rp billion)



Profit (Loss) Before Income Tax
(Rp billion)

Profit (Loss) For The Year Attributable To Owners of The Parent
(Rp billion)

Basic Earnings (Loss) per Share Attributable to Owners of the Parent
(Rp billion)

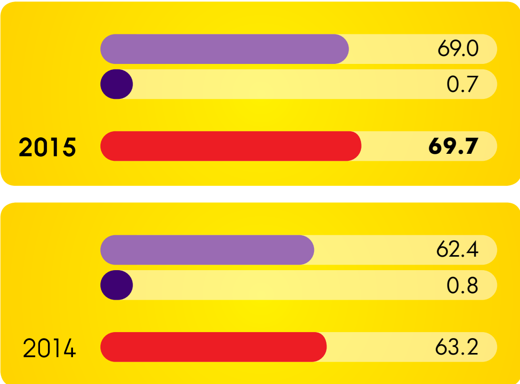


Operational Highlights

Cellular	Unit	2014	Change (%)	2015	Change (%)
Prepaid Subscribers	million subscribers	62.4	6.2%	69.0	10.5%
Postpaid Subscribers	million subscribers	0.8	2.3%	0.7	-4.2%
Total Subscribers	**million subscribers**	**63.2**	**6.1%**	**69.7**	**10.3%**
ARPU Prepaid	Rp	25,323	-1.8%	24,479	-3.3%
ARPU Postpaid	Rp	134,242	-19.1%	132,573	-1.2%
ARPU Blended	**Rp**	**27,198**	**-1.2%**	**26,045**	**-4.2%**
Fixed Wireless					
Prepaid Subscribers	Subscribers	37,259	-44.5%	n/a	n/a
Postpaid Subscribers	Subscribers	39,903	-10.7%	n/a	n/a
Total Subscribers	**Subscribers**	**77,162**	**-31.0%**	**n/a**	**n/a**
ARPU Prepaid	Rp	22,221	-18.0%	n/a	n/a
ARPU Postpaid	Rp	27,466	-7.1%	n/a	n/a
ARPU Blended	Rp	24,548	-12.3%	n/a	n/a
IDD					
Outgoing Traffic	(000) min	-	-	-	-
Incoming Traffic	(000) min	1,769,383	-7.2%	1,773,608	0.2%
Total Traffic	(000) min	1,769,383	-7.2%	1,773,608	0.2%
Incoming/Outgoing Ratio					
MIDI					
Wholesale					
International High Speed Leased Circuit	Mbps	94,338	111.9%	131,163	39.0%
Domestic High Speed Leased Circuit	Mbps	129,461	-1.6%	145,138	12.1%
Transponder	Mhz	1,119	8.6%	1,126	0.6%
IPVPN	Mbps	4,197	13.1%	9,903	136.0%
Internet	Mbps	43,653	-3.2%	69,606	59.5%
Frame Relay	Mbps	2	-50.0%	-	-100.0%
Lintasarta					
High Speed Leased Line SDL	64Kbps	3,948,164	16.9%	7,052,067	78.6%
Frame Relay	64Kbps	114,684	-14.4%	99,722	-13.0%
VSAT	64Kbps	156,547	14.1%	166,744	6.5%
IPVPN	64Kbps	1,423,541	34.4%	1,822,832	28.0%
IM2					
Internet Dial Up	users	3,614.0	-8.2%	3,527.0	-2.4%
Internet Dedicated	link	701.0	2.6%	762.0	8.7%
IPVPN	link	330.0	-2.7%	348.0	5.5%
Employees (permanent and non-permanent incl. subsidiaries employees)	people	4,185	-0.4%	4,320	3.2%
Ooredoo store (Ex Galeri)	service center	107	-8.5%	100	-6.5%
Ooredoo Store (Ex Griya)		45	-40.0%	29	-35.6%
Kios Layanan & Penjualan Indosat (KILAT)	service center	115	-15.4%	72	-100.0%

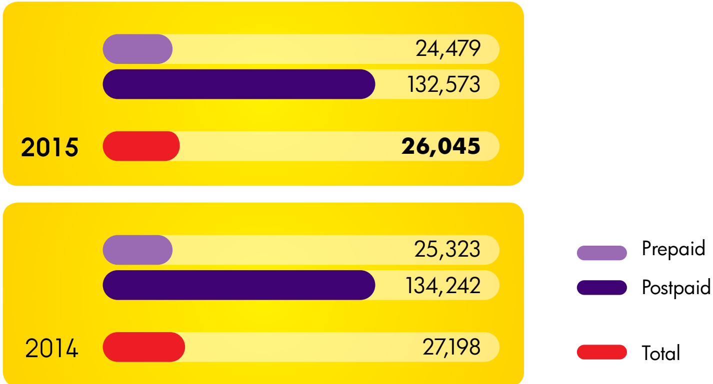
Cellular Subscriber Composition

(million)



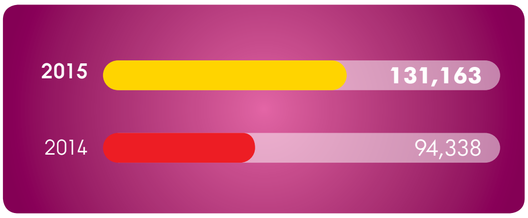
Blended ARPU Cellular

(rupiah)



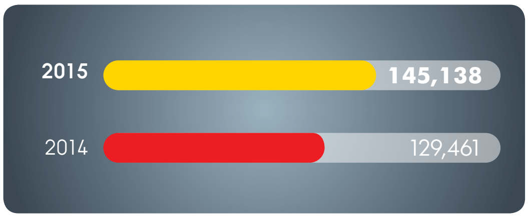
International Highspeed Leased Circuit

(Mbps)



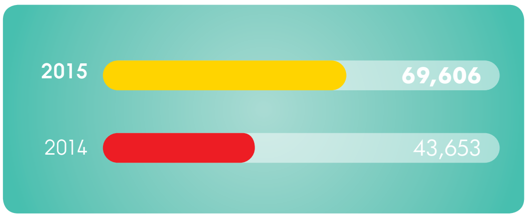
Domestic Highspeed Leased Circuit

(Mbps)



Internet-MIDI/Wholesale*

(Mbps)

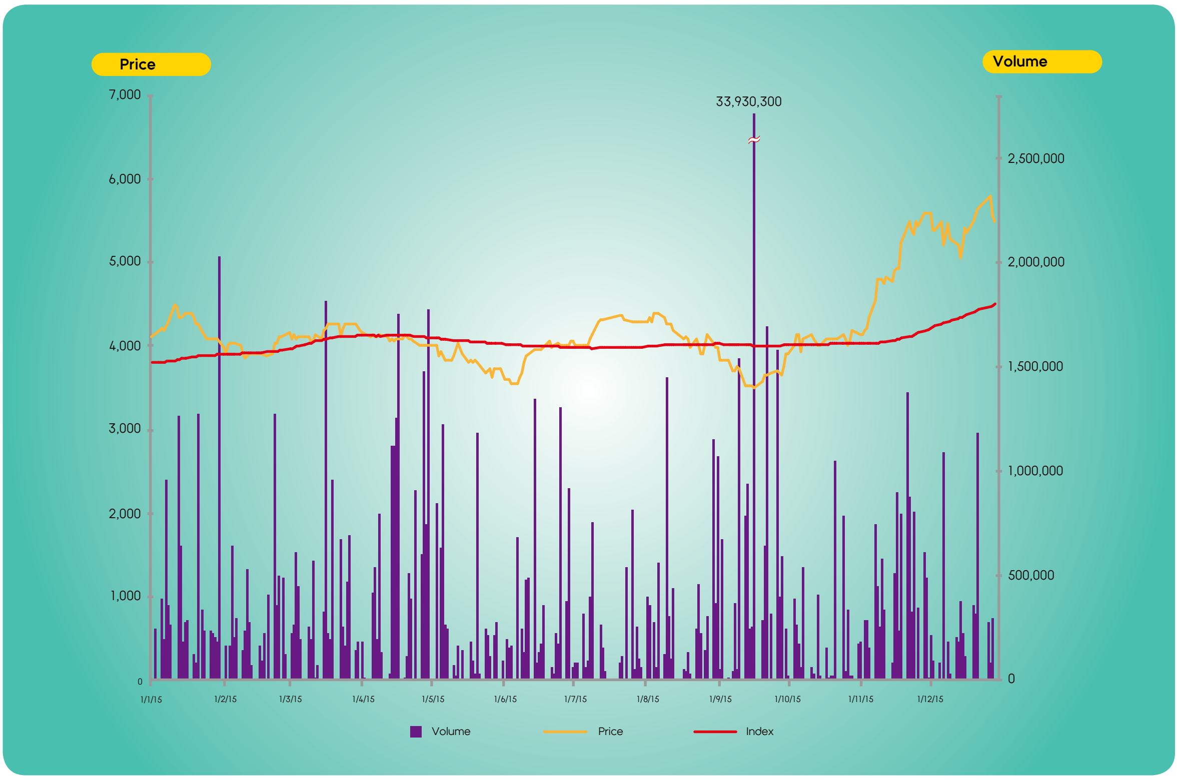


*Indosat only

Cellular Data Usage

(terabytes)

Stock Highlights



Quarterly Stock Price on the IDX (Rp/Share)

Period	Shares Outstanding	Market Capitalization (Rp billion)	Highest Share Price (Rp)	Lowest Share Price (Rp)	Closing Share Price (Rp)	Trading Volume
First Quarter 2014	5,433,933,500	21,464	4,295	3,830	3,950	3,252,500
Second Quarter 2014	5,433,933,500	20,024	4,145	3,685	3,685	1,595,600
Third Quarter 2014	5,433,933,500	20,676	4,150	3,585	3,805	77,900
Fourth Quarter 2014	5,433,933,500	22,007	4,190	3,100	4,050	4,879,300
First Quarter 2015	5,433,933,500	23,176	4,485	3,850	4,265	186,900
Second Quarter 2015	5,433,933,500	21,736	4,185	3,555	4,000	919,700
Third Quarter 2015	5,433,933,500	20,377	4,395	3,500	3,750	595,600
Fourth Quarter 2015	5,433,933,500	29,886	5,800	3,900	5,500	297,400

Bonds Highlights

(Per December 31, 2015)

Moody's	: Stable Outlook	Fitch	: Stable Outlook	Pefindo	: Stable Outlook
	: Ba1		: BBB		: idAAA/Local Currency Debt
S&P	: Positive Outlook		: AAA (idn)		: idAAA(sy)/Local Sukuk Ijarah
	: BB+				

Description	Release Date	Exchange	Total	Interest Rate	Maturity
Indosat Bond V	May 29, 2007	Surabaya Stock Exchange*	Series B: Rp1,370.0 billion	10.65% per annum	May 29, 2017
Indosat Bond VI	April 9, 2008	Indonesia Stock Exchange	Series B: Rp320.0 billion	10.80% per annum	Fully redeemed on April 9, 2015
Indosat Bond VII	December 8, 2009	Indonesia Stock Exchange	Series B: Rp600.0 billion	11.75% per annum	December 8, 2016
Indosat Bond VIII	June 27, 2012	Indonesia Stock Exchange	Series A: Rp1,200.0 billion	8.625% per annum	June 27, 2019
			Series B: Rp1,500.0 billion	8.875% per annum	June 27, 2022
Sukuk Ijarah Indosat IV	December 8, 2009	Indonesia Stock Exchange	Series B: Rp172.0 billion	Ijarah Return Rp20.2 billion per annum	December 8, 2016
Sukuk Ijarah Indosat V	June 27, 2012	Indonesia Stock Exchange	Rp300.0 billion	Rp25.9 billion per annum	June 27, 2019
Guaranteed Notes due 2020	July 29, 2010	Singapore Exchange Securities Trading Limited	US$650,0 million	7.375% per annum	Fully redeemed on July 29, 2015
Shelf Registration Indosat Bond I Phase I in Year 2014	December 12, 2014	Indonesia Stock Exchange	Series A: Rp950.0 billion	10.00% per annum	December 12, 2017
			Series B: Rp750.0 billion	10.30% per annum	December 12, 2019
			Series C: Rp250.0 billion	10.50% per annum	December 12, 2021
			Series D: Rp360.0 billion	10.70% per annum	December 12, 2024
Shelf Registration Indosat Sukuk Ijarah I Phase I in Year 2014	December 12, 2014	Indonesia Stock Exchange	Series A: Rp64.0 billion	Ijarah Return Rp6.4 billion per annum	December 12, 2017
			Series B: Rp16.0 billion	Ijarah Return Rp1.6 billion per annum	December 12, 2019
			Series C: Rp110.0 billion	Ijarah Return Rp11.6 billion per annum	December 12, 2021
Shelf Registration Indosat Bond I Phase II in Year 2015	June 4, 2015	Indonesia Stock Exchange	Series A: Rp554.0 billion	8.55% per annum	June 14, 2016
			Series B: Rp782.0 billion	9.25% per annum	June 4, 2018
			Series C: Rp584.0 billion	10.00% per annum	June 4, 2020
			Series D: Rp337.0 billion	10.25% per annum	June 4, 2022
			Series E: Rp427.0 billion	10.40% per annum	June 4, 2025
Shelf Registration Indosat Sukuk Ijarah I Phase II in Year 2015	June 4, 2015	Indonesia Stock Exchange	Series A: Rp55.0 billion	Ijarah Return Rp4.7 billion per annum	June 14, 2016
			Series B: Rp76.0 billion	Ijarah Return Rp7.0 billion per annum	June 4, 2018
			Series C: Rp67.0 billion	Ijarah Return Rp6.7 billion per annum	June 4, 2020
			Series D: Rp43.0 billion	Ijarah Return Rp4.4 billion per annum	June 4, 2022
			Series E: Rp175.0 billion	Ijarah Return Rp18.2 billion per annum	June 4, 2025
Shelf Registration Indosat Bond I Phase III in Year 2015	December 8, 2015	Indonesia Stock Exchange	Series A: Rp201.0 billion	10.00% per annum	December 8, 2018
			Series B: Rp301.0 billion	10.25% per annum	December 8, 2020
			Series C: Rp130.0 billion	10.60% per annum	December 8, 2022
			Series D: Rp162.0 billion	11.20% per annum	December 8, 2025
Shelf Registration Indosat Sukuk Ijarah I Phase III in Year 2015	December 8, 2015	Indonesia Stock Exchange	Series A: Rp65.0 billion	Ijarah Return Rp6.9 billion per annum	December 8, 2022
			Series B: Rp41.0 billion	Ijarah Return Rp4.6 billion per annum	December 8, 2025

* On 30 November 2007, Surabaya Stock Exchange and Jakarta Stock Exchange has merge into Indonesia Stock Exchange.

2015 Awards

Customer Experience

February 3

iM3 : The most desired brand in Indonesia
Superbrands 2015
The Nielsen Company

June 4

Telecommunications Company
Asia's Most Admired Brand 2014-2015
Ideas Fest Singapore 2015

October 8

Indonesia Data Communications Service Provider of The Year
Frost & Sullivan Indonesia Excellence Award 2015
Frost & Sullivan

October 28

Indosat Carrier Billing: Best New Product or Service of the Year– Consumer Service
Bronze Stevie Winner
International Business Awards 2015

October 28

Indosat Carrier Billing: Best Service Sales video
Bronze Stevie Winner
International Business Awards 2015

Corporate Governance

August 27

Telecommunications Award
Indonesia Good Corporate Governance Award 2015
Economic Review

December 17

Trusted Company Based on Investors and Analyst's Assessment Survey
Indonesia Most Trusted Companies
The Indonesian Institute for Corporate Governance together with SWA Magazine

Corporate Social Responsibilty

April 1

Women Empowerment Award 2015: Gold
The Global CSR Awards 2015
INSPERA

June 12

Mobile Clinic: CSR Campaign of the Year
Silver Stevie Winner
Asia Pacific Stevie Awards

October 28

Mobil Klinik: Best Non Profit/Charity Fund Raising Event
Bronze Stevie Winner
International Business Awards 2015

Human Resources

November 7

Indonesia Most Admired CEO 2015
Warta Ekonomi

Digital Initiatives

June 12

Best New Product of the Year: Telecommunications
Silver Stevie Winner
Asia Pacific Stevie Awards

June 12

Emerging Market Initiative Award
Asia Communications Awards
Ideabox

October 28

Indosat WebsiteTransformation
Gold Stevie Award
International Business Awards 2015

October 28

Ideabox: Best New Product of Service of the Year
Silver Stevie Winner
International Business Awards 2015

October 28

JagoCatur: Game App
Bronze Stevie Winner
International Business Awards 2015

October 28

iCity: Integrated Mobile Experience App
Bronze Stevie Winner
International Business Awards 2015

Significant Events

8 April

Launch of ISTC

Indosat Ooredoo and PT Bursa Efek Indonesia (BEI) collaborate to host the Indosat Stock Trading Contest ("ISTC"), a competition aimed at educating Indonesian youths on investing in the stock market as well as giving them the experience of virtual shares trading.

13 April

The Young Srikandi Award 2015

Indosat Ooredoo's "The Young Srikandi 2015" awards returns to honor Indonesia's most inspiring women, as part of our commitment to support women's empowerment and establish a young, independent and creative generation of Indonesians.

20 May

Launch of i-Aplikasizone

Indosat Ooredoo launched i-Aplikazone, the largest Android application store by a telecommunication operator in Indonesia, complete with more than 10,000 applications specifically for Indosat Ooredoo subscribers.

9 June

Modernizing i-Noc (Indosat Network Operation Center)

Indosat Ooredoo officially launched its new operational facility Indosat Network Operation Center (i-NOC) as the center for performance monitoring activities of Indosat Ooredoo's national network.

15 June

Indosat Ooredoo & Alfamart Launch Dompetku Pengiriman Uang

Indosat Ooredoo rolled out "Dompetku Pengiriman Uang", a new service to send and receive funds domestically.

6 July

Launch Of Super 4G-LTE in Balikpapan

Indosat Ooredoo launched Super 4G-LTE service in Balikpapan, as part of its commitment to roll out LTE (Long Term Evolution) services throughout Indonesia.

12 August

Launch of Instant Office

Supporting small and medium business enterprises, Indosat Ooredoo presents a complete telecommunication solution called INSTANT OFFICE that enables entrepreneurs to communicate with convenience and comfort.

7 September

Launch of #Twitbuy

Indosat Ooredoo and Twitter today officially launched #TwitBuy Indosat Ooredoo, a service designed to support convenient purchase of attractive Indosat Ooredoo packages via Twitter.

21 September

Special First Edition Sim Card & Pink Ribbon Application Launch

Indosat Ooredoo collaborated with the Breast Cancer Foundation of Indonesia (YKPI) to support the Breast Cancer Awareness Movement in Indonesia by launching a Special Edition SIM Card for Breast Cancer Awareness and the Pink Ribbon application for early prevention of breast cancer.

17 December

9th IWIC Grand Final

With the theme "Innovate Your Life", the 9th IWIC succeeded in producing 26 winners in various categories with various mobile applications that will deliver significant benefits to society and enrich the landscape of domestically produced application content services.

2 October

Free Internet Access For 12 Million Traditional Market Traders

Indosat Ooredoo signed a Memorandum of Understanding with APPSI (All Indonesia Market Traders Association) to give 12 million market traders free internet access.

16 October

Ideabox Cooperates With Facebook

Indosat Ooredoo, through its Ideabox startup accelerator program, has cooperatored with Facebook to encourage the growth of startups in Indonesia. The purpose of this cooperation is that Ideabox startups can learn about best practices at global startups to achieve success.

19 November

Indosat Ooredoo

The Company unveiled its new identity, Indosat Ooredoo, as part of its comprehensive transformation to become a leader in digital services for the people, towards becoming the leading digital telco in Indonesia.

Report from the Boards

Chapter

2

Indonesia is becoming a “digital nation,” a process that will create jobs, open opportunities and raise the overall prosperity of the nation. Indosat Ooredoo sees an important role for our company in this transformation: as an enabler for our customers, a partner for Indonesia’s businesses, and as a champion for our communities.

Waleed Mohamed Ebrahim Al-Sayed

Message from President Commissioner

Dear Shareholders,

I am pleased and proud to begin this review of Indosat Ooredoo's performance in 2015.

It was an important year for the development of our company, which saw us take the first steps in our three-year plan to become Indonesia's top digital operator. We set the pace in our industry in terms of revenue and customer growth. In addition, we successfully completed the rebrand of our operations as Indosat Ooredoo.

These achievements position us well for the future. Our vision to become a data leader fits well with Indonesia's positive growth trajectory, and our investments provide us with a solid foundation to launch new innovations.

Indonesia's telecommunications sector is a cornerstone of the country's national development strategy, and we are fully-committed to supporting the Indonesian Government's clear vision in this area. We look forward to continuing to collaborate with the Government and support it as it works to achieve its ambitions for its people.

Indonesia is becoming a "digital nation," a process that will create jobs, open opportunities and raise the overall prosperity of the nation. Indosat Ooredoo sees an important role for our company in this transformation: as an enabler for our customers, a partner for Indonesia's businesses, and as a champion for our communities.

We are committed to making mobile technology available to all – to bring digital benefits to rural areas as well as urban communities, to men and women, to businesses and to schools. In this report, you will see how we are achieving these goals, and enriching the lives of our customers.

Building for the future

One of Indosat Ooredoo's significant competitive differentiators is the strength and scale of our network. Our investment programme provides the foundations to ambitiously roll-out affordable LTE services for the people for Indonesia, through our modernised LTE ready network based RAN technology.

In this process, we are able to draw upon the resources of the wider Ooredoo Group, which is rapidly rolling-out cutting-edge 4G and 4G+ services across our footprint in Asia Pacific, the Middle East and North Africa.

To support our objective of providing technology for everyone, we are enhancing the human resources necessary to deliver these services to the people. We have doubled the number of Indosat Ooredoo Shops across the country, to ensure that customers can always reach us. We have instituted new development programmes, so that our team have the confidence and knowledge required to be real digital experts, advising customers and helping them understand how these services can help them.

One of Indosat Ooredoo's significant competitive differentiators is the strength and scale of our network. Our investment programme provides the foundations to ambitiously roll-out affordable LTE services for the people for Indonesia, through our modernised LTE ready network based RAN technology

In addition, we are expanding and diversifying our product portfolio with a range of 4G-services as well as beginning to focus more clearly on vertical solutions for businesses, with the development of advanced Internet of Things solutions. A stronger network provides the basis to connect the thousands of devices that make Internet of Things solutions viable, and delivers strong business benefits for Indonesia's industries.

All this activity came together in November 2015, when we revealed our new identity as Indosat Ooredoo, becoming the eighth Ooredoo-branded operation in the wider Group. Our whole organisation – from shops and service centres through to our web presence and social media – was transformed to reflect the new brand, as we boldly moved forward in our ambition to be number one in digital income, number one in digital experience and the number one digital brand for customers.

Connecting the Community

In parallel with our commercial efforts to support the growth of the digital nation, Indosat Ooredoo has also expanded our community activities, to promote awareness and engagement.

Our women's empowerment programme, INSPERA (Inspiration for Indonesian Women), continued to provide support to female "Micro-preneurs" in 2015. It offers training, mentorship, access to information and communications technology (ICT), as well as funding, and the results to date have been impressive. We are seeing a new generation of female business people deploy mobile technologies to provide for their families and connect with new business opportunities.

Indosat Ooredoo also hosted a competition to encourage young people to innovate in the field of digital wireless applications in 2015. Winners of the contest are receiving mentorship, technical support and seed funds as they progress their ideas to become viable businesses. We also supported the Indosat Ooredoo Stock Trading Contest (ISTC), in cooperation with IDX, to raise awareness about the importance of investing in capital markets – another key step for our nation.

These cultural and community-based initiatives provide essential support for the growth of the digital ecosystem across our country, and ensure the benefits are felt by all.

Planning a Path to the Future

On behalf of my colleagues on both the Board of Commissioners and Board of Directors, I would also like to thank our shareholders for their continued support. Ooredoo Group remains deeply committed to our operations in Indonesia, and we are truly grateful for the on-going support of our shareholders, which makes all this success possible.

I would like thank Indosat Ooredoo's employees. They have risen to every challenge in 2015, and continue to deliver an exceptional performance for the company.

Moving forward, Ooredoo Group's strategic priorities of being a market leader with a high-level performance culture will contribute to maximizing shareholder value for Indosat Ooredoo. It also set ambitious goals for Indosat Ooredoo, while allowing for room localisation and innovation based on the needs of the Indonesian market

I am truly excited about the trajectory of Indosat Ooredoo – a proud local brand with global credentials, world-class technology and a bigger, faster network. We are on our way to becoming a leading digital operator.

Waleed Mohamed Ebrahim Al-Sayed
President Commissioner

the Board of Commissioners

Elisa Lumbantoruan Hans Anthony Kuropatwa Ian Charles Dench Waleed Mohamed Ebrahim Al-Sayed Ajay Bahri

Astera Primanto Bhakti | Chris Kanter | Beny Roelyawan | Richard Farnsworth Seney | Wijayanto Samirin

A fresh vision, a new journey: strengthening our relevancy in a fast-evolving world, and moving towards digital leadership by enriching customer lives under our new Indosat Ooredoo brand.

Alexander Rusli

Message from President Director and CEO

Dear Shareholders,

I am excited to introduce to you the start of our new journey as Indosat Ooredoo. Without a doubt, 2015 was an exciting year filled with major milestones. We have successfully wrapped up our three-year 4+1 roadmap goals and completed our network modernization to become LTE ready. Subsequently, in November, we rebranded ourselves as Indosat Ooredoo, embarking on a new phase, which will move beyond traditional telecommunication solutions as a comprehensive provider of digital solutions that will truly enrich people's lives.

This rebranding represents an exciting shift in scope and possibilities. As Indonesia's second largest telecommunications provider, we have access to an enormous customer base numbering nearly 70 million subscribers. It is now up to us to streamline, leverage, and transform our organization into a platform that can create, partner, support, and distribute relevant Telco, digital products, and services. However, in order to do so, we need to be a flexible, convergence-oriented, and digitally minded organization. Fortunately, over the last three years, we have laid the foundations, and the effort is beginning to pay off as shown by the numbers.

Results and Performance

Demand for telecommunications services remained robust during the year despite the lackluster performance of the Indonesian economy, which grew merely by 4.79% in 2015, its slowest rate since 2009. By contrast, Indosat Ooredoo achieved the fastest revenue growth and customer growth in 2015 compared with peers, in line or even above overall targets and guidance.

In particular, we have achieved the strongest data revenue growth in the industry for 2015. Revenue increased by 11.1% to Rp26.8 trillion and EBITDA grew by14.4% to Rp11.5 trillion, while subscriber numbers increased by 10.3% to 69.7 million. Unfortunately, the bottom line performance was impacted by the depreciation of the Rupiah against the US Dollar amounting to Rp1.6 trillion. As a result, Indosat Ooredoo booked a net loss of Rp1.3 trillion attributable to owners of the Parent.

Strategy and Major Initiatives

As mentioned above, 2015 was the last year of our 4+1 goals consisting of data and smart device, best customer experience, best cost structure, and best people experience to deliver highest revenue growth. I am pleased to say that we have successfully achieved major progress on all fronts.

The completion of our network modernization immediately has improved service quality and user experience, driving customer acquisition, and retention. We have also reached out to customers with attractive new offerings such as 4G products, home broadband offers, and device bundling programs, and added stores across Indonesia to get closer to our customers where they needed us. On the back end, a more disciplined approach to pricing and discounts were implemented to ensure that the most profitable products were consistently promoted.

In the digital space, our efforts to build a digital ecosystem produced strong results. Among others, our Crowdtivate crowdfunding platform enabled us to source innovative ideas, while our SB ISAT Venture Capital Fund made a number of high profile deals in Dealoka, Grab Taxi and TechINAsia. Moreover, we were able to ink major partnerships with leading players including Google and Facebook, showing Indosat Ooredoo as a serious partner of choice in the digital space of leading global brands.

As an essential part of our transformation into a digital company, we have invested in attracting and developing strong talents during the year to cultivate a commercial and digital mindset in all divisions, including those not directly involved with customers in the frontline. Together with strengthened cross-functional relationships and vastly more open communications across the organization, this has enabled us to escalate issues and ideas, resulting in quicker and more innovative actions translating into faster go-to-market. Our positive momentum and visibility in the market were reflected in our enhanced employer brand scores and hiring successes despite the competitive market for acquiring top talent.

Lastly, we have streamlined the cost structure through strategic partnerships in deploying cables and leased lines, and by optimizing the network and services costs for improved capital and operational expenses. We have also systemically reduced our US Dollar debt exposure, an initiative that will continue into 2016.

Governance and Corporate Social Responsibility
Good corporate governance (GCG) is an ongoing priority for the organization. We do our utmost to comply and promote GCG principles of transparency, responsibility, accountability, independence, and fairness in all activities. In reflection of our solid corporate governance, we were awarded the Indonesia Good Corporate Governance Award 2015 by Economic Review and as Indonesia Most Trusted Company from IICG-SWA Magazine.

We have also won numerous CSR awards including several Stevie Awards for our programs in health, education, and economic empowerment, many of which applied digital technology in innovative ways to scale out and reach otherwise marginalized groups such as underserved women and youths. Our contributions are detailed in the GCG and CSR chapters of this report, with additional information in our Sustainability Report.

Under our new brand as Indosat Ooredoo, I am confident that we are in a strong position to compete for digital leadership

Changes to the Board of Directors

The Board of Directors saw a number of changes during the year. Mr. Fadzri Sentosa and Mr. Curt Stefan Carlsson tendered their resignations in February and June 2015 respectively, and were honorably discharged with thanks. Joining us at the EGMS on June 10, 2015 was Mr. Caba Pinter as Director and CFO and at the EGMS on October 7, 2015 was Ms. Herfini Haryono as Director and Chief Wholesale and Enterprise Officer. In addition, between June 10 and July 7, 2015, Mr. Sarwoto Atmosutarno was a temporary member of the Board.

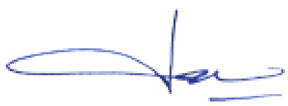
Prospects for 2016

The outlook for telecommuniation and digital services in Indonesia is strongly positive. All major data supports growth forecasts, a growing population with improving GDP, increasingly affordability of smartphones, and a growing digital ecosystem. Moreover, the government has shown strong support. In November 2015, the government refarmed the 4G LTE spectrum to become a more efficient 1800 MHz frequency, and it is currently formulating a new interconnection regime for the telecommunications industry with a strong possibility of moving to a more industry-friendly structure.

Under our new brand as Indosat Ooredoo, I am confident that we are in a strong position to compete for digital leadership. In particular, we are well placed to benefit from the deployment of LTE networks across the country on the back of our modernized LTE-ready, single-RAN network. We have a number of initiatives that will accelerate our digital momentum, including exclusive content partnerships and a partnership with a leading retailer Erajaya, which will strengthen our direct selling capabilities through hundreds of shops nationwide. In short, we want to be there to offer our customers a faster, smoother, more accessible digital experience through our newly streamlined product and service lineup.

As a proud local brand with global credentials, world-class technology and network, we are ready to compete to become Indonesia's leading digital telecommunication company. Our improved network quality, streamlined product offerings, faster-go-to-market processes, direct selling emphasis and leading digital relationships will enable us to give the Indonesian consumers a better customer experience and enrich lives through digital solutions.

On behalf of the Board of Directors, I would like to convey our appreciation to our customers, our hard-working and dedicated employees, the Board of Commissioners, all of our partners and our shareholders including our parent company Ooredoo as we ushered onwards towards an exciting new journey together.



Alexander Rusli

President Director and Chief Executive Officer

the Board of Directors

Joy Wahjudi John Martin Thompson Herfini Haryono Alexander Rusli Caba Pinter

Statements of Responsibility of the Board of Commissioners and the Board of Directors on PT Indosat Tbk's 2015 Annual Report

We the undersigned hereby declare that all information provided in the PT Indosat Tbk's ("Company") 2015 Annual Report has been presented in its entirety and that we assume full responsibility for the accuracy of the content of the Company's Annual Report.

This statement is made in all truthfulness.

Board of Commissioners

Waleed Mohamed Ebrahim Al-Sayed
President Commissioner

Hans Anthony Kuropatwa
Commissioner

Ajay Bahri
Commissioner

Chris Kanter
Commissioner

Astera Primanto Bhakti
Commissioner

Beny Roelyawan
Commissioner

Ian Charles Dench
Commissioner

Richard Farnsworth Seney
Independent Commissioner

Elisa Lumbantoruan
Independent Commissioner

Wijayanto Samirin
Independent Commissioner

Board of Directors

Alexander Rusli
President Director & Chief Executive Officer

Caba Pinter
Director & Chief Financial Officer

Herfini Haryono
Director & Chief Wholesale and Enterprise Officer

Joy Wahjudi
Director & Chief Sales and Distribution Officer (also assume the role as Independent Director)

John Martin Thompson
Director & Chief Technology Officer

Company Profile

Chapter 3

Company in Brief

Established in 1967, PT Indosat Tbk (Indosat Ooredoo) is a leading telecommunication and information service provider in Indonesia and a member of Ooredoo Group, a global telecommunications provider. Indosat Ooredoo provides cellular, fixed data and wireless broadband services as well as fixed telecommunication or fixed voice offerings including IDD, fixed wireless and fixed phone services, and digital services. In addition, together with its subsidiaries PT Indosat Mega Media (IM2) and PT Aplikanusa Lintasarta, Indosat Ooredoo provides fixed data or Multimedia, Internet & Data Communication services such as IPVPN, leased line, internet services and IT services to corporate segments. The Company is listed on the Indonesia Stock Exchange (IDX: ISAT).

Vision, Mission and Values

Vision

Indonesia's Leading Digital Telco

* The above Vision and Mission were approved by the Board of Directors and the Board of Commissioners in 2016 as set forth in the 2015 Annual Report with the signed approval of the Board of Directors and the Board of Commissioners.

Mission

- Liberating Product & Services
- Data Strong Network
- Treat Customer Like a Friend
- Digital Transformation

Values

Trust
Think positively, walk the talk and can be relied on.

Care
Demonstrate concern, respect and serve wholeheartedly.

Passion To Be the Best
Strive for excellence through continuous service improvement and refinement.

Fast
Quick in problem solving, making decisions, taking actions and adapting.

Youthful Spirit
Energetic, dynamic and dare be a change driver.

Milestones

1967

PT Indosat Tbk was established in Indonesia on November 10, 1967 as a foreign investment company to provide international telecommunications services in Indonesia.

1994

Became a public Company listed on the Indonesia Stock Exchange and the New York Stock Exchange.

2002

The Government divested 517.5 million shares, representing approximately 50.0% of our outstanding Series B shares at the time, in two stages. In May 2002, the Government sold 8.1% of our outstanding shares through an accelerated global tender. In December 2002, the Government divested 41.9% of our outstanding Series B shares to a former subsidiary of STT Communications Ltd. ("STT").

2003

Since entering the Indonesian cellular market through our acquisition of Satelindo and establishment of PT Indosat Multimedia Mobile and the subsequent integration of such companies into our Company in 2003, cellular services have become the largest contributor to our operating revenues.

2015

Rebranded as Indosat Ooredoo and launched the first commercial 4G-LTE service in Indonesia.

2008

Ooredoo acquired STT's interest in us, triggering a mandatory tender offer by Ooredoo to acquire up to 1,314,466,775 Series B Shares, representing approximately 24.19% of our total issued and outstanding Series B Shares, at a purchase price of the U.S. dollar equivalent of Rp369,400 per ADS and Rp7,388 per Series B Share. Ooredoo is a publicly held corporation which is majority-owned by the State of Qatar and its affiliated entities. Ooredoo is organized under the laws of the State of Qatar with shares listed on the Doha Securities Market, as well as the Abu Dhabi Securities Market, and Global Depository Receipts traded on the London Stock Exchange.

2013

Voluntarily delisted trading of the ADSs from the New York Stock Exchange, to be solely listed on the Indonesia Stock Exchange.

2014

Launch of Indosat Digital Services, a business unit focused on creating scalable digital platforms in mobile finance advertising, and e-commerce to deliver life-enriching benefits to consumers.

Products and Services

Personal

iM3 Ooredoo

Prepaid SIM that frees you to communicate without limits.

Mentari Ooredoo

Prepaid GSM cellular targeting mature segment which offers simplicity & lifestyle.

Matrix Ooredoo

Postpaid GSM cellular service for high end professional and corporate users that offers best service quality and experience.

International Services

Outbound Roamers

Indosat Ooredoo International Roaming gives Indosat subscribers the convenience of a simple, transparent and affordable tariff while traveling overseas.

IDD 001 IDD 008

IDD-001 & IDD-008 and SMS International

International Direct Dialing provides clarity and good quality in connecting subscribers to their overseas family and relatives, by dialing 001 or 008.

flatcall 01016

Flat Call 01016

International Flat Call allows subscribers to make overseas calls at affordable rates by dialing Indosat Ooredoo 01016.

Indosat Ooredoo Business

Indosat Ooredoo has developed into a provider of ICT (Information Communication Technology) by providing Indosat Ooredoo Business services accordance with the needs of corporate customers. The segments are Large Business, Medium Business and Small Business.

- Mobile

  A solution for mobile business communications which is designed to facilitate communications and coordination between employees without having to worry about inflated bills.

- Convergence Solution

  A service which enables convergence solutions between Fixed and Mobile Communication, to stay connected real-time from anywhere, anytime, and by using any type of device (desktop, laptop, land line phone, smartphone, or tablet).

- Machine to Machine

  A solution which provides a range of communication technologies to enable a smart, cost effective and secure communication environment among machines, devices and sensors as key components to empower digital business. It has evolved from basic connectivity to managed connectivity, end to end solutions, and analytics.

- IT Services

  An Information Technology solution to ensure business continuity by providing robust and reliable infrastructure in our Data Center as well as Disaster Recovery Center. We have also expanded our lines of service by providing enterprise grade public as well as private cloud for more agile and dynamic business requirements.

- Connectivity

  A service which connects customer branches, providing business critical information and applications as well as access to the digital world by providing a secure, reliable, and guaranteed connection. Equipped with smart features which allow you to get visibility and full control of your network.

- Satellite

  Satellite service connects customers through leased transponders across Indonesia and several South East Asia countries. We provide the services on a leased capacity basis as well as time basis.

Cipika Stores

An online marketplace selling gadgets, lifestyle and entertainment products.

Cipika Play

An online game voucher marketplace, working together with game publishers and game payment providers.

Cipika Book Mate

An electronic library platform offering both international and local books available across various mobile platforms. Cipika BookMate is a joint marketing initiative with Book Mate Singapore, launched in August 2015.

Dompetku

Award winning mobile financial service that enhances user's digital experience for payment, purchases and transfers. This innovative service enables Indosat Ooredoo subscribers to carry out cashless financial transactions including payment and money transfers using their registered handphone number, thus targeting the unbanked and under-banked customers. Dompetku Cash also offers business solutions with cash disbursement and cash collections.

Digital

Dompetku Pengiriman Uang
Telco agnostic domestic cash-to-cash money remittance supported by a vast agent network across Indonesia, that targets unbanked customers.

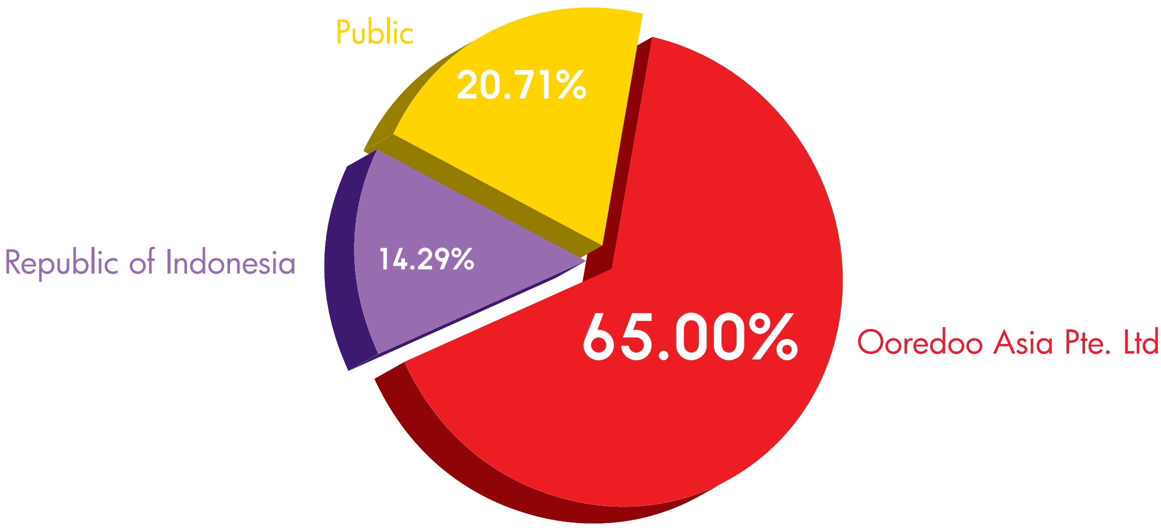
Pay Up
Simple, secure and affordable mobile point-of-sales solution that enables both small and large merchants as well as delivery and logistics companies to receive payments from debit cards anywhere and anytime.

On-de-go
Mobile banking solutions for both smart and feature phones for safer and more convenient service.

IMX
IMX offers mobile advertising solutions through a real time bidding platform that ensures transparency and performance for the advertisers. IMX is supported by a Data Management Platform to help target the right customers. IMX or PT Portal Bursa Digital is a joint venture company between Indosat Ooredoo and Smaato, launched in May 2015.

Group Structure, Share Ownership & Subsidiaries

As of December 31, 2015



Indosat Ooredoo

- PT Aplikanusa Lintasarta (Indonesia) 72.36%
  - PT Lintas Media Danawa (Indonesia) 50.65%
  - PT Artajasa Pembayaran Elektronis (Indonesia) 39.80%
    - PT Citra Bakti Indonesia (Indonesia) 33.33%
- PT Indosat Mega Media (Indonesia) 99.85%
  - PT Interactive Vision Media (Indonesia) 99.83%
- Indosat Palapa Company B.V. (Netherlands)* 100.00%
  - Indosat Mentari Company B.V. (Netherlands)** 100.00%
- Indosat Singapore Pte Ltd (Singapore) 100.00%
- PT Starone Mitra Telekomunikasi (Indonesia) 99.94%
- PT Portal Bursa Digital (Indonesia) 62.00%

*) Subsequently Indosat Palapa Company B.V. (IPBV) was effectively liquidated and deregistered from Chambers of Netherlands per March 30, 2016

**) Subsequently Indosat Mentari Company B.V. (IMBV) was effectively liquidated and deregistered from Chambers of Netherlands per February 17, 2016.

No members of the Board of Commissioners or Board of Directors owned shares in the Company as of March 31, 2016.

Certification

Indosat Ooredoo has earned a number of international certifications

Certification	year achieved	expiry	issued by
ISO 14001 for Environmental Management System	2012	2018	QuayAudit
OHSAS 18001 for Health & Safety Management System	2012	2018	QuayAudit
SMK3 PP.50 / 2012 for Health & Safety Management System	2012	2019	Ministry of Manpower & Transmigration
MEF CE 1.0 (Metro Ethernet Forum - Carrier Ethernet 1.0) Certification of Carrier Ethernet Services	2012	2015	Metro Ethernet Forum
ISO 31000 for Risk Management	2013	No expiry	Self implemented with reference to ISO 31000 framework & guidance

Employees*

2014

3,049

permanent employees

2015

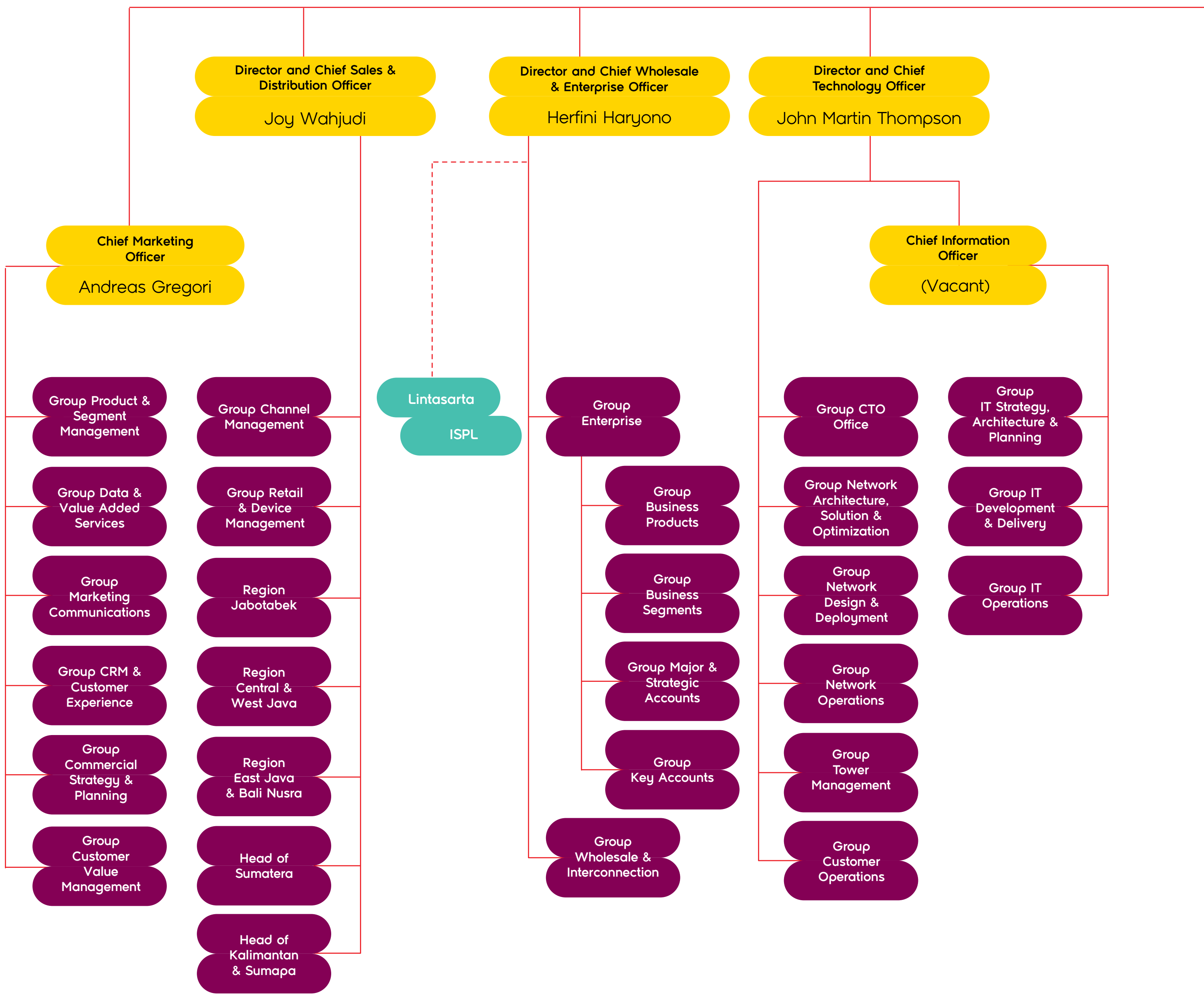
3,178

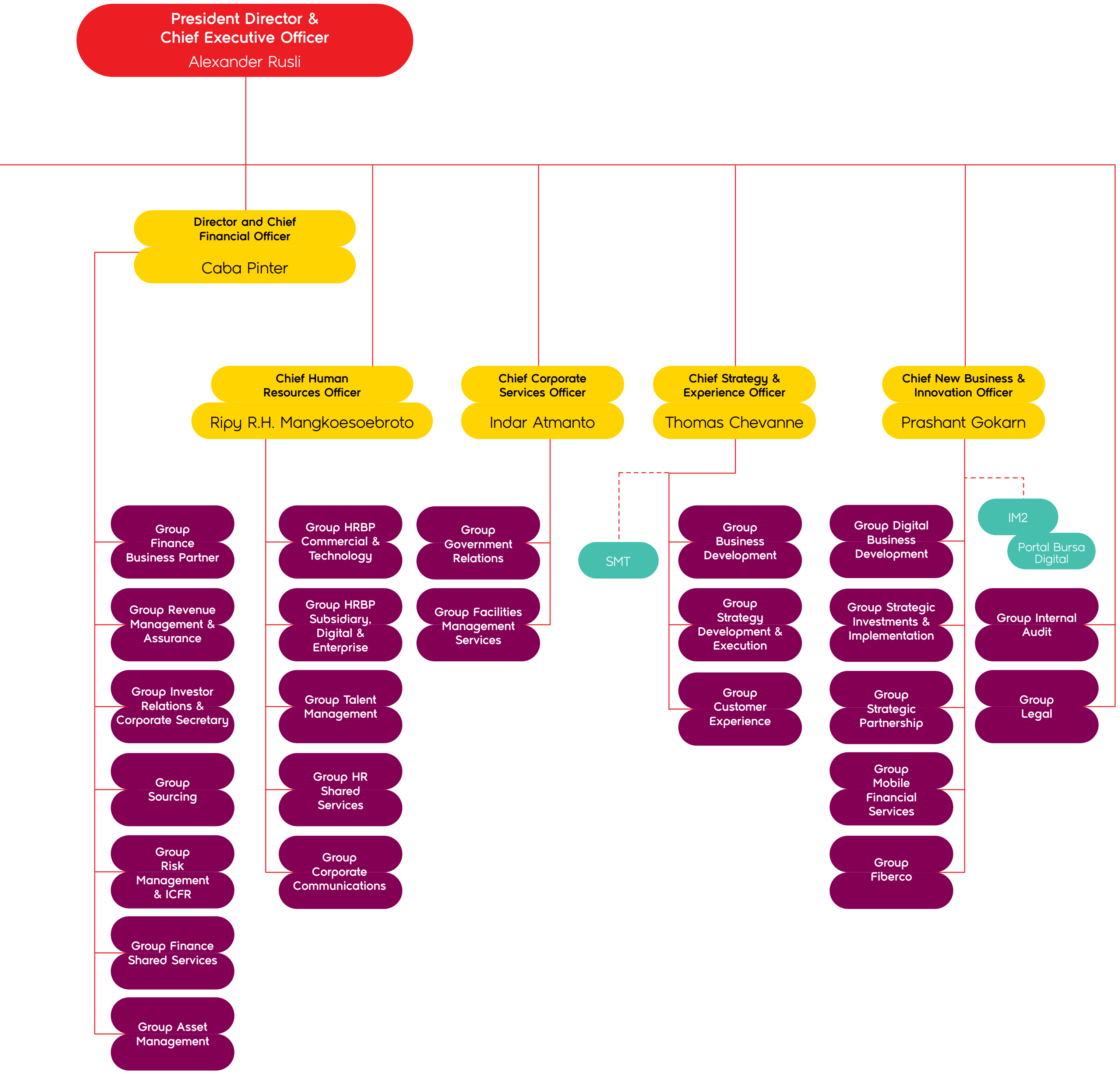
permanent employees

*) Indosat Ooredoo only

The number of employees by level and by education, as well as the training and costs of training provided in the interests of equal career opportunity for all, may be found in the Human Resources chapter of this report.

Organization Structure




President Director & Chief Executive Officer
Alexander Rusli
Director and Chief Financial Officer
Caba Pinter
Chief Human Resources Officer
Ripy R.H. Mangkoesoebroto
Chief Corporate Services Officer
Indar Atmanto
Chief Strategy & Experience Officer
Thomas Chevanne
Chief New Business & Innovation Officer
Prashant Gokarn
Group Finance Business Partner
Group Revenue Management & Assurance
Group Investor Relations & Corporate Secretary
Group Sourcing
Group Risk Management & ICFR
Group Finance Shared Services
Group Asset Management
Group HRBP Commercial & Technology
Group HRBP Subsidiary, Digital & Enterprise
Group Talent Management
Group HR Shared Services
Group Corporate Communications
Group Government Relations
Group Facilities Management Services
SMT
Group Business Development
Group Strategy Development & Execution
Group Customer Experience
Group Digital Business Development
Group Strategic Investments & Implementation
Group Strategic Partnership
Group Mobile Financial Services
Group Fiberco
IM2
Portal Bursa Digital
Group Internal Audit
Group Legal

Management Discussion and Analysis

Chapter 4

Operational Review

Indosat Ooredoo delivers Cellular, MIDI, Fixed Line and Digital Services to both retail and enterprise customers

Cellular

The Indonesian market for cellular services is the world's fourth largest, after China, India and the United States. Competition among cellular service providers in Indonesia is based on various factors, including pricing, network quality and coverage, the range of services, features offered and customer service.

This highly competitive and dynamic sector continued to scale rapidly in 2015, with rising rates of smartphone penetration and the commercial roll out of 4G-LTE networks by operators towards the end of the year. Growth in terms of both subscriber numbers and revenues was solid, with rising data demand as a major driver although Average Revenue Per user is still relatively low and per unit data prices are still some of the lowest in the world. In line with the trends of previous years, demand for Voice and SMS service trended down, while data demand rose, jumping from 85,358 terabytes in 2014 to 199,054 in 2015.

Cellular services continued to account for the bulk of our revenue in 2015, generating 82% of revenue. Our cellular subscriber base increased by 6.5 million over the year to reach 69.7 million cellular subscribers including wireless broadband subscribers, up from 63.2 million the year before. Growth was driven by improved quality of our newly modernized network, together with a major effort to streamline products and bring them to customers. Results were also supported by an aggressive push to roll out LTE offers, supported by simple and attractive pricing, as well as by smart pricing initiatives to manage overall yield in voice, SMS and data.

Consequently, revenue from cellular services rose by 12.4% y-o-y to Rp21,895.7 billion driven primarily revenue growth from data. Data revenue increased by 56.9% to Rp7,031.0 billion, representing 32.1% of total cellular services operating revenue, due to growing data demand.

In line with the trend of previous years, blended ARPU (Average Revenue Per User) for Voice declined by 4.2%, reflecting customer migration to data service, but ARPS for SMS improved through active management in contrast to the overall industry decline. Finally, measures of customer satisfaction also improved, showing that subscribers truly feel we have added value.

Products & Services

We offer a comprehensive range of high quality products in mobile voice and data services, including wireless broadband services on the GSM 900, DCS 1800, 3G and 4G-LTE cellular service. Our main cellular brands were rebranded in November 2015 as Matrix Ooredoo, offering postpaid cellular service for premium users; Indosat Ooredoo iM3, which provides prepaid cellular service for the youth market at affordable rates; and Mentari Ooredoo, for premium prepaid cellular service.

Revenue from cellular services

Rp21.9 trillion

As of year-end, iM3 Ooredoo, a prepaid GSM multimedia service for the younger generation that delivers voice, SMS and data packages at very attractive tariffs comprised 67% of total subscribers for 62% of total cellular revenue. Mentari Ooredoo, our prepaid GSM cellular brand which offers simplicity & lifestyle targeting the mature segment, comprised 32% of total subscribers and contributed 20% of total cellular revenue. Matrix Ooredoo, which offers postpaid GSM cellular service for high end professional and corporate users with best service quality and experience, comprised 1% of total subscribers for 6% of total cellular revenue.

Following the commercial roll out of LTE service in November 2015, as of the year-end Indosat Ooredoo cellular subscribers three enjoyed access to 4G-LTE services superfast 185 Mbps download speed and 41 Mbps upload speed, in 35 major cities across the nation. Our Super LTE service, which uses the 900MHz and 1800MHz frequencies, provides better signal, improving the quality of service and indoor signal for improved user experience and internet activities such as e-mailing, chatting, downloading, blogging, browsing and more.

In addition, Indosat Ooredoo subscribers also have access to e-money, e-payment and other mobile services such as Dompetku and Pay-Up. These services, which are further detailed in the Digital section of this report, are available on smart, feature and basic handsets, giving customers a valuable low-cost financial alternative to traditional banking services.

Finally, we continued to develop relationships with a wide variety of OTT (Over-the-Top) partners including many with local developers, some from our inhouse digital incubator Ideabox. Through these partnerships we were able to deliver entertaining, useful and relevant content to customers, for increased engagement and value add.

Promotions & Marketing

In line with our focus on delivering easy-to-use and relevant services, we streamlined our products and services for the market, through a complete end-to-end program with new tariffs, promotions, specific incentives and device programs. One the back end, data pricing and discounts were constantly reviewed in a disciplined manner to focus on the most profitable programs and drive data monetization. Besides pushing customers to data, targeted offers were also communicated to existing customers especially high value customers, as part of our focus on data growth.

This was supported by improved procedures on new product development and launching processes. These cellular operational revisions shortened new product development time for faster time to market while ensuring good quality and better customer experience. Together with the clear and affordable tariffs, including specific regional targets, these offers made Indosat Ooredoo products more attractive to subscribers and helped to drive net acquisition during the year.

Key initiatives during 2015 included the following, all with a focus on driving data adoption:

- **iM3 internet.org:** Free internet campaign offering internet access without credits via freebasics.com supported by Facebook, with the intention of narrowing the digital divide.
- **iM3 Pinter Internetan (Pinternet):** New starter pack campaign that gives attractive data offering to build the perception of iM3 as a data player in market.
- **iM3 Keuntungan Berlipat (Ketupat) Ramadhan:** A holiday campaign during Ramadhan and Eid festive period that gives complete packages to fulfill customer needs.
- **Matrix Max:** With a campaign tagline of “Get More, Get Max!”, Matrix Ooredoo bundled large data quotas together with voice and SMS for postpaid subscribers. Online registration via website was also introduced to support this program as a special feature for high value customers, enabling them to register at their convenience.

A new partnership with retailer Erajaya, finalized in January 2016, will support us to open hundreds of retail stores, enabling us to bring products and services directly to customers

- **Mentari 3GB+:** Focusing on communication at community browsing level, subscribers enjoy a 3GB+ data quota together with voice & SMS, valid for a 3-month active period.

Sales and Distribution

Direct selling became a focus in 2015, even as we maintaining existing dealerships. We have always marketed through both direct and indirect marketing channels, but traditionally the majority of revenue has come from exclusive area dealers. These channels include traditional regular outlets, modern channels consisting of modern retail outlets such as Indomaret, Alfamart, Carrefour and so on; Gadget Retail Chain outlets such as Okeshop, Globalteleshop, Erafone and more; banking POS at ATMs; and integrated sales and customer walk-in centers called Indosat Ooredoo Stores and KILAT. Indosat Ooredoo Stores refer both to customer centers that are maintained directly by Indosat Ooredoo, formerly called Galeri Indosat, as well as to those that are owned by dealers, which were formerly called Griya Indosat. Whereas customer centers owned and managed by individual partners are called KILAT (Indosat Sales & Service Kiosk).

With the goal to go digital and engage users more strongly, in 2015 we began to push direct sales more aggressively through our self-owned Indosat Ooredoo Stores.

We also inked an agreement with retailer Erajaya, finalized in January 2016, to open hundreds of retail stores throughout the nation. These developments will enable us to bring physical as well as digital products and services directly to customers and be there when they need us. In line with these developments and our rebranding as Indosat Ooredoo, the look and of our service centers were drastically overhauled for a streamlined, modern feel that is representative of our new focus as well as being better suited to retailing. Supporting these efforts, management increased the frequency of visits to the field to encourage staff on the frontlines, and get a better understanding of conditions and issues in each region for faster reaction time and more tailored programs.

In parallel, we maintained our extensive retailer and dealer network through a countrywide sales push with consistent promotional programs that were tailored to drive recommendation of Indosat Ooredoo products, and data products in particular.

Enterprise Market Growth

Enterprise grew 7.3% in 2015, with growth in both the large enterprise and SME sectors despite slowing economic growth. In order to drive growth. In order to push enterprise growth, we focused on reinventing our B2B portfolio to provide integrated solutions tailored to the needs of specific verticals, launching new innovative solutions especially in M2M, and creating attractive device bundling programs to attract new customers. We also continued to push cross-selling between enterprise areas.

In parallel, we maintained our emphasis on good service delivery, help desk service and service assurance, with a dedicated corporate helpdesk agents for mobile corporates. Platinum status customers were assigned a dedicated service account manager and onsite engineers as part of our goal to achieve enterprise customer satisfaction as a major area of growth. Improvement in business customer satisfaction indicators reflect real gains in this area, in line with the retail satisfaction gains.

MIDI

We offer integrated MIDI (multimedia interactive, data, & Internet) services directly as well as through subsidiaries Lintasarta and IM2. Indosat Ooredoo's MIDI services consist of Internet services and data communication services including high-speed point-to-point International and Domestic Leased Circuits with broadband and narrowband capacity, Frame Relay services, modern IPVPN (Internet Protocol - Virtual Private Network), and MPLS-based services. We also offer satellite-based services such as transponder leasing, VSAT services, and IT Services such as Disaster Recovery Center and Data Center Services and most recently, Indosat Ooredoo Cloud infrastructure-as-a-service.

Performance

Revenue from MIDI services grew by 7.0% in 2015 to Rp3,753.5 billion, equivalent to 14.0% of total revenues compared with 14.6% in 2014. Growth was driven by better performance in subsidiary Lintasarta, which focuses on IT services, as well as Fixed Internet and Connectivity. On the Wholesale side, revenues were negatively impacted by competitive pressures, migration from clear channels to IP and the termination of the e-KTP project among others.

Growth was contributed by MPLS-based services in Connectivity and Internet. In Connectivity, modern IP VPN Link (Layer-3 VPN) and Ethernet Link (Layer-2 VPN) dominated bandwidth usage, whereas in Internet, the increase in capacity usage came from International IP Transit (INP) and Domestic IP Transit (INIX) from wholesale customers triggered by rising Internet penetration in Indonesia.

Strong growth was also apparent in Information Technology (IT) services for enterprise, in particular large enterprise IT, which recorded double digit revenue growth during the year.

Growth Strategy and Marketing

MIDI services, including demand for data and other network services including Internet-based services, are primarily geared to corporate and wholesale customers, a market which we have also identified as having good growth potential, including the fast-growing market SME market segment. As such, MIDI has become an increasingly important part of our portfolio, and we anticipate its contributions to increase as we continue to growth the enterprise market in particular. In addition, certain services such as Internet are also marketed to retail and wholesale customers.

Building on initiatives in 2014, in 2015 we stayed focused on our strategy of developing our MIDI service capabilities in data communication through three initiatives. First, by leveraging the newly modernized network for high quality of service levels. Second, by connecting customers with relevant offers and providing best service. Third, by being associated with devices that enable the best data experience, a strategy that we are actively driving through partnerships at all stages of the device value chain.

Revenue from MIDI services

Rp3.8 trillion

In line with our move to streamline and focus on our core business, many of our non-core IT functions were transferred to subsidiairy Lintasarta during the year

Growth for corporates continued to outpace, driven by offerings targeted at the large enterprise segment, and connectivity and Internet solutions for Small and Medium Enterprise (SME). Specifically, we market three services to both large enterprise and SME segments: corporate, information technology (IT) and mobility services, of which IT services is considered to have the highest growth potential and we therefore have added personnel.

In line with our plan to become a data leader we aggressively expanded our Fiber-To-The-Home (FTTH) fiber optic offerings to secondary cities and industrial estates. Competition in fiber optic intensified in response to market demand but we still have the advantage of a large existing network and operational resources. In order to retain our lead, we will continue to expand our fiber optic coverage area to support future delivery of fixed data.

Our subsidiary, Lintasarta, refocused to become a service provider, and many of Indosat Ooredoo's non-core IT functions were subsequently transferred to Lintasarta.

In parallel, Lintasarta continued to expand geographic coverage of its products and services to address the increasing demand for telecommunications infrastructure in outlying regions, including growing its Fiber-To-The-Premises (FTTP) service to deliver faster broadband speeds for business services that demand continuous service performance and availability, supporting premium, consolidated broadband services such as Lintasarta Mobility Access, Data Center, Cloud Services or Video Conferencing. FTTP will enable Lintasarta to deliver a scalable and extensible next-generation fiber network that can support compelling voice, data and video service offerings, at affordable prices.

Data Connectivity

Data connectivity solutions, which are targeted and tailored to the individual needs of corporate customers, include Indosat Ooredoo World Link, a point-to-point international leased line via submarine and terrestrial cables; Indosat Ooredoo National Link, a point-to-point domestic private leased line service; and the Direct Link, a leased line service through satellite/VSAT connections providing point-to-multipoint data communications. We also provide international and domestic multipoint data communications services through its robust Internet Protocol (IP) network cloud, comprising IP-VPN services as well as MPLS-based services coverage extensions to North Asia, Japan, Europe and the United States in cooperation with global service providers.

In 2015 we discontinued the Frame Relay service as advances in technology resulted in a lack of demand for Frame Relay services. Meanwhile, MPLS-based services are available for domestic and international communications networks for voice, data, video and Internet applications. With MPLS based service we offer flexibility and scalability to support customer business growth. Our MPLS based services consist of modern IP VPN Link (Layer-3 VPN) and Ethernet Link (Layer-2 VPN).

Internet

Our MIDI services operating revenues consist primarily of revenues from Internet services provided by us and our subsidiaries, PT Indosat Mega Media ("IM2") and PT Aplikanusa Lintasarta ("Lintasarta"). We also act as a Network Access Provider & Internet Service Provider for wholesale customers by providing IP transit as well as offering dedicated Internet access. We currently operate three ISPs. Through our subsidiary, IM2 and Lintasarta, we also offer dedicated and broadband Internet connection services for corporates and commercial SME (Small to Medium Enterprises) customers as well as for retail subscribers. In 2015, revenues from Internet services accounted for 22.5% of our consolidated MIDI operating revenues.

Satellite Transponder Lease

We operate the Palapa-D satellite, which was launched in August 2009 to replace the Palapa-C2 satellite that was launched in 1996. By 2010, the Palapa-D was fully operational. The Palapa-D satellite has 11 Extended C-Band transponders, 24 Standard C-Band transponders and five Ku-Band transponders, all owned by us.

Transponder capacity in the Palapa-D is leased to broadcasters and telecommunications operators. Other supplementary satellite services include occasional use for TV services, Indosat Ooredoo TV link, private network services, Internet access and multimedia and video conferencing. Satellite leasing revenue grew by 17.5% in 2015, contributing 9.4% of all MIDI revenue, as existing VSAT and broadcast operators continued to upgrade capacity and new customers began contracts.

We continue to develop and upgrade our MIDI services to better serve customers across the board in the retail, SME and enterprise segments

Value Added Services

Value Added Services (VAS), which includes the Indosat Disaster Recovery Center (DRC), the Data Center and Cloud Services, charted good growth for MIDI, posting 12% increase in revenue and contributing 23% of all MIDI Revenue.

These DRC and Data Center, which are geared to corporate customers, comprise server co-location, rack, cage, power, and other supporting facilities. The Indosat Ooredoo Data Center is located in the center of Jakarta, where stability and safety are government priorities thereby making this the most strategic and safest place for storage. The Data Center has back-up power supplies and each rack is fed by multi independent power connections, to ensure that customer business activities can continue interrupted. We also provide backbone or domestic leased line services from our DRC or Data Center locations to customer headquarters, as part of our total telecommunications solutions. The DRC and Data Center are ISO 27001 certified for Information Security Management.

Through Indosat Ooredoo Cloud, we also provide Infrastructure-As-A-Service (IAAS) order to meet enterprise market demand for on-demand provisioning and management of computing, storage and networking and is targeted primarily at enterprise customers. We offer enterprise cloud services in partnership with Dimension Data, bundling our nationwide connectivity backbone infrastructure and its 10 data center facilities in Indonesia with Dimension Data's cloud consultancy services for increased customer appeal.

VSAT Net/IP and VSAT Link

Provided through our subsidiary Lintasarta, VSAT Net/IP and VSAT Link services are satellite-based data networking systems. VSAT Net/IP connects and controls data traffic among remote locations, allowing for quick development of data for network customers with low-to-medium traffic in sectors such as financial services, transportation, trading and distribution.

VSAT Link provides point-to-point digital transmission for remote locations by businesses with medium-to-heavy traffic such as those in the manufacturing, mining and financial services industries.

Convergence Solutions

Indosat's Convergence Solutions creatively combine MIDI and cellular services including wireless broadband to produce flexible new communications products that can be activated on a mobile basis as needed. Our Convergence Solutions use GPRS/GSM as well as CDMA and HSDPA, and can therefore be implemented anywhere in Indonesia within the Indosat cellular network, generating operational cost savings for users. These services can also be tailored to the needs of our customers.

At present, the convergence solutions that we offer consist of Indosat Enterprise Resource Planning (I-ERP), Remittance, Internet School Management System (ISMS), Mobile Extension,Wireless EDC, Corporate VPN, Wireless ATM, Multimedia IP Services, and SME Solutions. I-ERP, our newest product offering, was developed to facilitate the business processes of companies in the manufacturing and Food & Beverage (F&B) sectors as well as wholesaler and distributor companies with integrated applications such as sales canvassing, sales order, logistics and warehouse management, and others. It enables better management of real-time data communications using wireless mobile technology that can be accessed from GPRS or HSDPA networks.

With regard to SMEs, we continued to market SME Solution services, which was created to meet the needs of SME businesses, with good results. By focusing on formalized SMEs rather than SME entrepreneurs in the informal sector, we were able to improve revenue and collection. SME Solution offers SME businesses broadband Internet access, voice and SMS communications facilities, comprehensive web hosting services including an online payment system, and a range of optional applications and services, all in one easy package.

Fixed Telecommunications

Indosat Ooredoo is a leading provider of fixed telecommunications networks in Indonesia, with one of the most established fixed telecommunication networks in the country. This category comprises international calls (IDD), fixed wireless (FWA), and fixed line services (I-Phone). While fixed telecommunications services has shrunk over time as a percentage of the overall portfolio, eclipsed by the growth of internet and cellular services, it continues to make a valuable contribution to customer experience.

In 2015, fixed telecommunications revenue amounted to Rp1,119.3 billion or 4.2% of total Indosat Ooredoo revenue, compared with Rp1,096.1 billion in the previous year, or 4.6% of total 2014 revenue. In contrast to the trend of previous years, fixed telecommunications revenue posted growth of 2.1%, largely driven by increased incoming international calls.

International Direct Dial (IDD)

Indosat Ooredoo promotes its IDD services under the Indosat Ooredoo IDD-001, Indosat Ooredoo IDD-008, the Indosat FlatCall 01016 international long distance services and International SMS. IDD-001 is marketed as a premium service while IDD-008 is positioned as a more economical service offering lower rates. FlatCall 01016 is aimed at the most price sensitive market segments, offering very competitive rates for certain popular destination countries while using regular VoIP (Voice over Internet Protocol) rates for other countries. Furthermore, we have various agreements with overseas counterparts or partners to channel incoming international traffic through Indosat Ooredoo.

A specialized sales force as well as third-party sales channels are used to market IDD services to our largest customers, which include hotels, large corporate customers, government offices and embassies. We also maintain a dedicated sales force to specifically target price sensitive customer segments who look for low budget International Call facilities to communicate with family members overseas.

To strengthen our relationships with our partners, we actively participate in international forums and events. We also try to partner with other international providers to get Indosat Ooredoo subscribers travelling abroad consistent and competitive roaming rates.

Fixed telecommunications revenue

Rp1.12 trillion

In contrast to the trend of previous years, fixed telecommunications revenue posted growth of 2.1%, largely driven by increased incoming international calls

Fixed Phone

Indosat Ooredoo offers local and domestic long distance telephone services under the fixed line 'I-Phone' brand. Currently we provide local and domestic long distance fixed line coverage in most major cities in Indonesia.

Fixed line revenues lightly increased by 0.02% from Rp130.89 billion in 2014 to Rp130.91 billion in 2015, contributing 11.7% of total fixed telecommunications service revenue compared with 11.9% in 2014. The increase was against the decline trend in the retail segment, whereas Indosat Ooredoo continues to view business and institutional as a promising growth market, with business customers seeking ever higher broadband data speeds to support their business activities.

Fixed Wireless Services

Indosat Ooredoo has offered fixed wireless services through its StarOne brand, usingCode Division Multiple Access (CDMA) 2000x1 technology on the 800 MHz frequency. StarOne which was positioned as a cost-effective solution to subscribers with limited mobility requirement, offering a combination of fixed line (PSTN) and mobile telecommunications services at competitive rates including BlackBerry service, email and instant messaging. Both post-paid and prepaid versions were available.

StarOne's CDMA service was gradually phased out by Indosat Ooredoo in Indonesia since the end of 2014 and officially discontinued on June 30, 2015 related to the Ministry of Communication and Informatics decree reallocating the 800MHz frequency.

StarOne CDMA users were informed ahead of time and offered incentives to try other Indosat Ooredoo products, in order to retain their loyalty through the service transition mechanism from CDMA to GSM-based service. Specifically, Indosat Ooredoo provided compensation to its loyal subscribers in the form of GSM SIM Cards, Call Forwarding facilities, and Indosat Ooredoo Dompetku credits depending on the volume of the subscriber's three-month StarOne usage. The Dompetku credits may be withdrawn in the form of cash at the nearest Indosat service counter or can be used for shopping at paticipating Indosat Ooredoo partners.

Customers were informed of the discontinuation of StarOne service from the beginning of 2015 through various media including mass media, SMS blasts, and the Indosat Ooredoo website.

Digital Services

Digital Services*, our newest business unit, continued to grow swiftly in 2015, leveraging our existing telco customer base and integrating with existing products and services to enhance offerings to Indonesian consumers and businesses. Growth took place through in-house initiatives, partnerships, joint ventures with market leaders, as well as investments. While Digital Services is still only a minor contributor to overall revenue, we view Digital Services as key to transforming the entire company and organization into a streamlined, digital-based company—one that goes beyond merely providing communications to providing products and services that help support human growth and enrich people's lives. With almost 70 million customers, we have an enormous untapped market for digital products and services. Furthermore, many of our digital services are telco-agnostic and allow us to grow beyond our current telco customer base.

In its second full year of operation, digital services were growing significantly as we continued to build out our digital imprint in-house though e-money, partnerships, joint ventures, and through investments such as our Ideabox incubator and SB-ISAT venture capital fund. We also continued to run competitions and incubators to provide support and mentorship. The combination of these consistently applied initiatives has raised our profile in the digital space, as reflected by the decision of global digital companies such as Google, Facebook and Twitter to partner with us over others.

Moreover, we strengthened synergies with other Indosat Ooredoo products to cross-sell and boost customer engagement where possible. As an example, Cipika marketplace sells Indosat Ooredoo cellular products, and all cellular subscribers will have Dompetku (mobile wallet). Such cross functionality will become a hallmark of our operations going forward.

Products & Services

Mobile advertising, mobile commerce and mobile finance continued to be key areas of focus, as areas with the highest growth potential and natural synergies with Indosat Ooredoo's infrastructure. These three areas have the further benefit of being able to support one another, creating added value and giving rise to an organic digital ecosystem. Among others, leading in-house mobile commerce, mobile finance and mobile advertising products include:

*) Digital Service results are reported as part of Cellular revenues in our financial statements.

Mobile Financial Services

- **Dompetku**, a mobile wallet for the unbanked and underbanked with features such as domestic and international money transfer, bill payments, and online and offline retail transactions.
- **Dompetku Plus**, an OTT payments platform to enable payments, P2P transfers as well as escrow service mainly aimed at e-commerce industry.
- **Dompetku Pengiriman Uang**, a telco-agnostic domestic cash-to-cash money remittance service supported by a vast agent network across Indonesia, that targets unbanked customers.
- **PayUp**, a simple, secure and affordable mobile payment service consisting of bundled phones and electronic card reader for debit cards targeting small retailers and fast moving consumer goods and logistics companies.
- **Ondego**, a mobile banking service for banks, offering mobile banking solutions over both smart and feature phones.

e-commerce

- **Cipika**, an online marketplace selling gadgets, lifestyle and entertainment products.
- **Cipika Play**, an online game voucher marketplace, working together with game publishers and game payment providers.
- **Cipika Bookmate**, a collaboration with Bookmate, to offer a mobile based e-books platform with one of the largest collections of local and international titles for Indonesian consumers.

Advertising

PT Portal Bursa Digital (PBD or IMX), a joint venture between Indosat Ooredoo and Smaato, a leading global mobile advertising platform to launch Indonesia's first and only digital advertising exchange in May 2015. It connects advertisers and publishers to offer local and international mobile advertising solutions through a single, self-service, real-time bidding platform that ensures transparency for the advertisers. IMX is supported by a data management platform to help target the right customers.

Partnerships

As a local telecommunication company with a global mindset, we have forged both local and international partnerships in the digital space. Leveraging parent group Ooredoo's international presence and a strong global interest from technology and internet companies to access Indosat Ooredoo's customer base, an international business development team has been established to enrich digital lives of Indosat Ooredoo's customers by bringing them exclusive and meaningful content and services from large international partners. At the same time, we also try to partner with strong local players.

In 2015, we were able to start working together with top global digital brands including Facebook for Free Basics, Google for direct carrier billing through the Google Play Store, and Twitter for the first Twitter e-channel for telcos in Asia-Pacific. We are also working together with leading local e-commerce marketplaces on campaigns such as:

- Lebaran Belanja Online with 40+ Indonesia e-commerce players (including Lazada, Zalora, Bukalapak etc.) on 28 June 2015
- #IndonesiaDigitalNation with 10+ Indonesia e-commerce players (Lazada, Bilna, Mataharimall, etc.) on 20 November 2015

Investments and Joint Ventures

Startup Incubation and Acceleration

Ideabox is an award-winning technology business incubator supported by Indosat Ooredoo in partnership with Mountain Partners AG, the Founder Institute and Ooredoo Group. Ideabox focuses on identifying and accelerating promising telecommunications, media and technology startups through investment, access to both Indonesian and international mentors and access to Indosat Ooredoo's network and partners including Facebook. In 2015, Ideabox successfully graduated a second batch of seven companies, some of which have already received series A funding from international investors.

Venture Capital

The SB-ISAT fund, a US$14.5 million fund in cooperation with Japanese conglomerate Softbank's venture capital arm, Alibaba Group and local investors, invested in Grab Taxi, TechinAsia, Qerja, Switch and Ideabox graduate Dealoka in 2015. The fund not only provides capital to the investee companies but also mentoring, access to Indosat Ooredoo's customer base, and access to the knowledge network of Softbank, a leading Japanese telecommunications and internet corporation and the owner of Sprint Corporation, USA.

Indosat Ooredoo has become a leader in the digital space, as shown by our relationships with global digital brands including Facebook for Free Basics, Google for direct carrier billing through the Google Play Store, and Twitter for the first Twitter e-channel for telcos in Asia-Pacific

Developing local entrepreneurs

As part of its commitment to building out the Indonesian startup ecosystem, Indosat Ooredoo operates the crowdfunding platform Crowdtivate, together with Singaporean operator StarHub, to develop innovative ideas to feed into the digital ecosystem.

Crowdtivate is primarily meant to help tech startups, content creators, and entrepreneurs in Indonesia raise capital from backers both inside and outside Indonesia. By making it easy for entrepreneurs to raise capital through crowdsourcing, Indosat Ooredoo hopes to eliminate one of the major hurdles faces by startups in Indonesia, who struggle to raise funding during seed stage.

In addition, to encourage local application developers, we held our annual Indosat Ooredoo Wireless Innovation Contest (IWIC) for the ninth year in a row. IWIC is a competition for mobile developers and digital developers and includes seminars and workshops held across leading campuses in Indonesia to garner interest and awareness in the field. IWIC winners receive various prizes and scholarships from the Founder Institute to develop these ideas into a potential business.

Human Resources

The year 2015 was marked by a number of major changes for the organization. Strategically, it was the last year of the 4+1 roadmap which ended in November, followed by the immediate rebranding of the company as Indosat Ooredoo with a vision of moving beyond traditional ICT solutions to become a digital-minded company.

Facing these changes, our focus in Human Resources was to strengthen organizational capability and instill a digital mindset to support our rebranding and transformation to digital. As part of this, our non core Information Technology function was transferred to subsidiary Lintasarta, which is transforming into an IT services company.

Having worked closely with business users to map the human resources requirements for each department as well as the availability of existing internal talent, we focused our efforts on:

- building up our people's capabilities
- nurturing an open, agile and innovative corporate culture
- establishing KPI and reward/recognition mechanisms that strengthen employees' engagement, satisfaction and performance
- improving our attractiveness as an employer of choice
- ensuring that the organizational structure is aligned with business requirements
- instilling a commercial mindset in all departments
- succession planning, and
- reviewing and improving Human Resources Systems and policies.

We are pleased to note that in 2015, results of the employee survey show that overall, measures of employee engagement and satisfaction rose considerably as a result of all these efforts.

Building Internal Capacity

The market for telecommunication and digital talent was extremely competitive in 2015. In order to support business performance, we pushed to build our internal talent, recruit outside talent, and bring in advisors and consultants including personnel from other Ooredoo Group companies on an as-needed basis. Of these areas, internal capacity building was by far the most important.

Internally, the human resources mapping work and performance evaluation systems put in previous years enabled us to identify the areas where training, coaching and counselling were most needed effective. By and large, formal training channels such as our internal Sales Academy significantly improved the performance of those identified for those trainings.

We also pushed on-the-job training, intentionally rotating people to give them exposure both within Indosat Ooredoo and abroad to other members of Ooredoo Group in order to expand the exposure and develop the abilities of those individuals, as well as helping to break down silos and foster a cross-functional mentality between organizational areas. While such shifts were not without friction, in our the long term benefits far outweigh the short term drawbacks and we continue to be committed to invest in our people for the long term.

Our corporate culture has changed dramatically to support fast, open and agile decision-making as part of our transformation into a digital company

Talent Management

In its third year, our stakeholder feedback performance system began to truly take root. Employees began to expect and provide feedback openly. Employees welcomed this feedback as it provided them with more clarify on the expectations for their performance, and areas where they were lagging. In addition, good performers felt recognized by positive feedback and were further driven to succeed. In addition, we began recognizing employees immediately for outstanding contributions and initiatives outside of their KPI, underscoring our message that we are value fast and immediate action.

Training in 2015

	2015	2014
Number of Training Programs	475	483
Number of Participants*	6,050	6,110
Total Cost of Training	Rp21.6 billion	Rp29.0 billion
Training Cost/Individual	Rp3.9 million	Rp4.7 million

*) An employee may participate more than once.

Employees at all levels of the organization have the opportunity to participate in training related to the relevant competencies.

Corporate Culture

As part of Indosat Ooredoo's drive for digital leadership, the Human Resources department pushed to create a more open, streamlined and agile corporate culture and way of doing things. In 2015, we implemented open working plan on several floors of the Indosat Ooredoo headquarters building. A bright new informal décor was also installed. Besides emphasizing mobility and promoting communication, this move had the effect of encouraging employees to avail themselves of digital storage and communication methods over paper.

To improve organizational speed and flexibility, open communication was encouraged at all levels, including through chat groups. The management also held regular discussion forums with employees through town hall meetings, frequent visits to branches and field locations, social gatherings with the CEO, and ongoing communication with representatives of the employee union (SPI) for mutual benefit. As a result of this open corporate culture, issues were escalated and resolved much more quickly.

Where possible, we also pushed our people to use new technology and experience the digital lifestyle of which Indosat Ooredoo is a proponent. For example,

Total Employees in 2015

3,178

we encouraged those with unused leave to switch it for subsidized 4G smartphones, gave special employee discounts for certain products on our online shopping sites, and more.

Finally, employees from different parts of the business, including the Human Resources division, were asked to attend commercial meetings, to ensure that they understood the commercial objectives of the company. All Chiefs were also required to sell in the field, in order to understand and experience firsthand the problems and opportunities on the frontline. As a result, engagement in the regions has improved. Overall, the objective is create a fast-moving corporate culture in which all business activities are aligned with commercial goals.

Employer of Choice

Key to our success is the ability to attract and retain talented individuals. We believe we have made significant improvement during 2015, as we were able to successfully recruit strong candidates including from leading brands despite intensifying competition in the telco and digital sector. Our LinkedIn employer brand index value doubled during the year, reflecting the improvements in the Indosat Ooredoo brand perception linked to our visible role as a digital leader, corporate culture changes and improved performance generally.

Employee Training in 2015

In line with our emphasis on recruiting strong talent, Indosat Ooredoo was the lead sponsor for the Third Indonesian Diaspora which took place in Jakarta. This gathering of Indonesians living abroad was a chance to bring together and tap a talent-rich pool. Through this process, we were able to identify and hire certain candidates whose profiles matched our needs, an example of our commitment to recruiting world-class talent to strengthen our ranks.

Code of Ethics

All Indosat Ooredoo employees are expected to behave in line with the company Code of Ethics, which has been socialized at every level of the organization. Each Indosat Ooredoo employee has signed a copy of the Code of Ethics and must periodically renew their commitment through the 'Myinfo' intranet application.

Number of Employees by Education

	2015	2014
Postgraduate	361	322
Bachelor	2,043	1,941
Diploma	483	479
High School	290	306
Junior High School	1	1
Total	**3,178**	**3,049**

Number of Employees by Age Group

	2015	2014
< 25 Years	50	144
25-35 Years	1,025	931
35-45 Years	1,608	1,590
45-50 Years	404	309
> 50 Years	91	75
Total	**3,178**	**3,049**

Number of Employees by Level

	2015	2014
BOD/Chief	10	9
Group Head/Advisor	62	58
Division Head/Expert	246	218
Manager/Expert	705	670
Senior Staff	1,463	1,298
Staff	692	796
Total	**3,178**	**3,049**

Network

As of the end of 2015, the Indosat Ooredoo network comprised 23,596 2G BTS (Base Transceiver Stations) and 23,730 Node-B (3G BTS) for a total of 47,326 BTS, an increase of 17.6% y-o-y. Additionally, we had 3,361 eNode-B 4G BTS following extensive deployment in the last months of 2015, in line with our successful 4G LTE launch.

The domestic network backbone capacity has also been upgraded by in recent years in anticipation of huge data traffic demand growth. In 2015 we increased our domestic backbone capacity by nearly one terabit per second in both existing and new links.

Network Modernization Project Completed

2015 was the last phase of our three-year network modernization project to overhaul our network. With this project, which was mainly completed in the first half of the year, all of our BTS throughout Java, as well as in key cities off Java, were modernized and 3G-enabled with 900 MHz spectrum. These modernized BTS are also 4G LTE ready with the installation of Software Defined Radio (SDR) software, enabling the BTS to be flexibly used on the 2G, 3G and LTE spectrums. The new IP-based network offers better coverage, robust services and a more scalable network, enabling us to better serve different needs of the Corporate, SME, Mobile and Retail segments.

Subsequently, when the Ministry of Communication and Informatics officially launched 4G LTE service in November, Indosat Ooredoo became the first telecommunications operator in Indonesia to offer commercial 4G services. By the end of the year, our LTE service was present in 35 major cities nationwide. Leveraging our advantage in delivering LTE in both 900 MHz and 1800 MHz spectrum, Indosat Ooredoo can offer LTE Plus with Carrier Aggregation, which provides higher speeds to support fast internet access, video streaming without buffering, multiplayer games, and high speed multi device connections. In total LTE contributed 6.2% of total data traffic nationwide, with highest LTE traffic in Central Java.

Our improved network quality drove noticeable gains in customer acquisition and traction throughout the year. Both data and voice traffic surged in areas where the network had been modernized. New LTE coverage also contributed to the high increase of data traffic. Supported by the improvements in network quality, capacity and coverage, Indosat Ooredoo achieved the fastest data revenue growth in the industry in 2015.

Strong Data Core & Connections

Recognizing that international connections play a major part in delivering our data-heavy services, work is underway on a new B2JS submarine cable to increase reliability, as well as improving the performance with our international partners. Meanwhile, preparations took place to upgrade our packet core in order to provide new data service offerings in the most efficient way.

Total BTS of Indosat Ooredoo network in 2015

50.687 BTS

Indosat Ooredoo became the first telecommunications operator in Indonesia to offer commercial 4G services. By the end of the year, our LTE service was present in 35 major cities nationwide

Fixed Services

We also strengthened our FTTH (Fiber-to-the Home) fiber optic network offerings in a bid to capture market share in this area. On the corporate side, the Fixed Line Indosat Ooredoo Phone service was improved with better capacity and more stability by migrating and modernizing the platform in 2015, and by leveraging the improved network for better voice quality to corporates.

Outsourcing of Non-Core Functions

In line with the entire organization's move to streamline and focus on core functions, plans were made during the year to transfer non-core Information Technology functions to subsidiary Lintasarta, in line with the latter's transformation to become an IT service organization. Going forward, we will outsource various other functions including the data center management. This will support our target of focusing on core competencies, streamlining the organization along with costs.

Future Plans

In 2016 we will continue rolling 4G LTE service to more cities and strengthen our 3G presence, by building our own as well as through a sharing initiative with PT XL Axiata Tbk. We will also establish new data centers later in the year, as part of the strategy to strengthen our own operational robustness as well as data center services to our B2B customers. Our IT infrastructure will also be upgraded to support cloud-based virtualization initiatives.

Financial Review

Solid revenue growth and contained cost increases resulted in significantly improved operating profit and an improving bottom line

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes thereto as of December 31, 2013, 2014 and 2015. The audited consolidated financial statements have been prepared in accordance with IFAS (Indonesian Financial Accounting Standard). Certain amounts (including percentage amounts) have been rounded for convenience. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of particular factors such as those set forth under chapter 05 "Corporate Governance" and elsewhere in this report.

Operating Results

We are a fully integrated Indonesian telecommunications network and service provider and provide a full complement of national and international telecommunications services in Indonesia. As of December 31, 2015, we were one of the three largest cellular operators in Indonesia in terms of number of cellular subscribers based on available market data. We provide MIDI services to Indonesian and regional corporate and retail customers as well as international long-distance services in Indonesia.

Factors Affecting our Results of Operations and Financial Condition

Our results of operations and financial condition have been affected and will continue to be affected by a number of factors, including the following:

Cellular Subscriber Base and Usage Patterns

Our number of cellular subscribers and their usage of our cellular services directly affects our cellular operating revenues as well as our operating expenses, including interconnection expenses and depreciation and amortization expenses. In order to meet increasing demand for our services, we may be required to expand our cellular network coverage and capacity, which requires additional capital expenditures. Increases in our capital expenditures affect our cash flows, interest expense and depreciation expense.

We were one of the three largest cellular operators in Indonesia, as measured by the number of cellular subscribers, with 69.7 million subscribers as of December 31, 2015. Our total cellular subscribers increased by approximately 6.1% from 59.6 million as of December 31, 2013 to 63.2 million as of December 31, 2014 and by approximately 10.3% to 69.7 millions as of December 31, 2015.

In Indonesia, mobile phones have become the primary tool for telecommunication, both for voice calls as well as in terms of internet usage. Around 34.7% of our total cellular revenues in 2015 were derived from voice services, but the growing popularity of smartphones, the popularity of social networking sites and the development of other popular online content, has contributed to the growth of our data revenues in recent years.

Competition

We face intense competition in all of our business segments. Among other things, such competition affects the tariffs we are able to charge for our services, demand for and usage of our services and our operating margins and results of operations.

The cellular services business in Indonesia has become increasingly competitive, as demonstrated by the aggressive subscriber acquisition programs of Indonesian cellular operators in recent years.Competition in the cellular communications industry has historically been based on network coverage, technical quality, price, the availability of data services and special features, and the quality and responsiveness of customer service. Commencing in 2007, competition became more focused on pricing as many operators, including ourselves, began to offer significant promotional discounts to attract subscribers, which we believe to have resulted in high customer churn rates. The high Indonesian customer churn rate can be attributed to the high price sensitivity of subscribers, especially prepaid users and the low switching costs for postpaid subscribers, due to limited contractual lock-ins. Beginning in late 2009, we believe that the market focus on pricing as the key determinant in customers' product selection has declined and that subscribers are again focused on the historical drivers of network coverage, technical quality, price, the availability of data services and special features.

Based on our internal estimates, the three major providers of wireless services in Indonesia, Telkomsel, XL and us, accounted for around 80% of the cellular subscriber base in Indonesia in 2015. We compete with Telkomsel and XL primarily on the basis of network coverage, quality of service and price. We believe that the size of our subscriber base provides us with a significant competitive advantage over the smaller cellular providers, since we have a larger base of "on net" subscribers and we are able to provide more attractive pricing for on net calls, since we do not pay any interconnection charges to third parties.

Competition in our MIDI services has also continued to increase. During the last few years, competition among data communications service providers has intensified principally due to the issuance of new licenses after

the deregulation of the Indonesian telecommunications industry. In addition, our satellite operations, which primarily consist of leasing transponders to broadcasters and telecommunications operators of Very Small Aperture Terminal ("VSAT"), cellular and International Direct Dialing ("IDD") services and Internet Service Providers ("ISP"), face competition from foreign and domestic service providers serving the same customer base.

We are no longer the only authorized provider of traditional IDD (i.e., non-VoIP) call services in Indonesia. The Government may issue more licenses for IDD services to other telecommunications operators, which will increase competition in our fixed telecommunications operations.

We expect competition in our three business segments to continue to be intense. Competition has had, and is expected to have, an impact on our results of operations and financial condition.

Tariff and Pricing Levels

Under existing regulations, the MOCIT establishes a tariff formula that determines the maximum amounts that operators may charge for cellular and fixed telecommunications services. However, the MOCIT allows cellular and fixed telecommunications operators, including us, to offer promotional packages that offer prices lower than the ceiling tariff determined by MOCIT in accordance with the tariff formula. We currently price our cellular services under a variety of ongoing promotional programs intended to attract new subscribers, stimulate demand and improve our competitive position. Any changes in our pricing structure, either as a result of Government tariff policies or in response to competition, could affect our revenues, operating results and financial condition.

For example, on December 12, 2011, the Government, through the ITRA, issued letter No.262/BRTI/XII/2011, under which tariffs for SMS changed from a "sender-keeps all" scheme to a cost-based scheme, effective June 1, 2012. Previously, the tariff for SMS (including SMS and value-added SMS) was based on a "sender-keeps-all" scheme, under which we earned revenues whenever one of our cellular subscribers sent an SMS, but not when a customer of another telecommunications operator sent an SMS to one of our cellular subscribers. Under the current cost-based scheme, we record revenues from interconnection fees payable by other operators whenever one of our cellular subscribers receives an SMS from a subscriber on another network. If one of our subscribers sends an SMS to a recipient on another network (an "off-network SMS"), we record revenues for the SMS charge payable by our subscriber and we record expenses for interconnection charges payable to the operator of the other network.

We expect to recoup any interconnection charges we incur when one of our subscribers sends an off-network SMS through charging higher fees to such subscribers for sending off-network SMSs, while maintaining our current pricing practices with respect to SMSs that terminate on our network. We anticipate that the increase in off-network SMS fees we charge our subscribers may cause a shift in SMS traffic from off-network traffic to on-network traffic, which in turn will reduce the amount of interconnection charges we will incur. We cannot assure you that we will be able to fully recoup all interconnection charges we may be required to pay, or that the revenue recorded from interconnection fees we receive from other operators will fully offset any interconnection charges we may be required to pay, and as a result, we could experience a decrease in our operating revenues from cellular services.

The Indonesian Economy

We believe that the growth in the Indonesian telecommunications industry has been driven in part by recent growth of the Indonesian economy, and that demand for such services should continue, as the Indonesian economy continues to develop and modernize. Our performance and the quality and growth of our customer base and service offerings are necessarily dependent on the health of the overall Indonesian economy.

Tower Sale Transaction

On February 7, 2012, we entered into an Asset Purchase Agreement with PT Tower Bersama Infrastructure Tbk and its subsidiary, PT Solusi Menara Indonesia (collectively referred to as "Tower Bersama"), whereby we agreed to sell 2,500 of our telecommunication towers to Tower Bersama for a total consideration of US$518.5 million, consisting of US$406.0 million paid upfront and a maximum potential deffered payment of US$112.5 million. The upfront payment includes PT Tower Bersama Infrastructure Tbk's shares of not less than 5% of the increase in PT Tower Bersama Infrastructure Tbk's capital stock (upon the Rights Issue of PT Tower Bersama Infrastructure Tbk). Based on the agreement, we also agreed to lease back the spaces in the 2,500 telecommunication towers for a 10-year period with fixed monthly lease rate of US$1,300 per tower.

On August 2, 2012, we and Tower Bersama closed the sale and leaseback transaction of 2,500 telecommunication towers. The consideration paid at closing was US$429.4 million consisting of cash of US$326.3 million and 5% share ownership in PT Tower Bersama Infrastructure Tbk, which had a fair value of US$103.1 million as of August 2, 2012.

The total consideration of US$429.4 million (equal to Rp4,070,187 million) was allocated for the sale of property and equipment amounting to Rp3,870,600 million and the remainder was allocated for prepaid land lease and existing tower lease contracts from the 2,500 towers. The total carrying amount of the separately identifiable components of the transaction is Rp1,534,494 million which includes the carrying amount of property and equipment amounting to Rp1,372,674 million. As of the agreement closing date, we recorded the excess of the selling price over the carrying amounts amounting to Rp2,535,693 million (including the Rp2,497,926 million from the sale of property and equipment) as "Gain on Sale of Towers" of Rp1,125,192 million, and "Deferred Gain on Sale-and-Leaseback Transactions" of Rp1,410,501 million, which is amortized over the term of the lease period of 10 years.

As of December 31, 2012, we recorded a total gain on the sale of the towers amounting to Rp1,183,963 million as "Gain on Tower Sale." The sale and leaseback transaction has been accounted for a finance lease.

As of December 31, 2013, 2014 and 2015, the remaining balances (current and non-current portions) of the deferred gain from the sale and lease back transaction amounted to Rp1,210.7 billion, Rp1,069.6 billion and Rp 928.6 billion (US$67.3 million). For the years ended December 31, 2013, 2014 and 2015, we recorded an amortization of the deferred gain amounting to Rp141.1 billion each year.

Capital Expenditures

The delivery of telecommunications services is capital intensive. In order to be competitive, we must continually expand, modernize and update our technology, which involves substantial capital investment. For the years ended December 31, 2013, 2014 and 2015, our actual consolidated capital expenditures totaled Rp9,371.0 billion, Rp6,838.1 billion and Rp10,058.1 billion (US$729.1 million) respectively. During 2016, we intend to allocate approximately Rp6,636.0 billion (US$481.0 million) for new capital expenditures, which we intend to use for the development of fixed assets in our cellular, fixed data and fixed telecommunications business lines.

Historically, we have funded our capital expenditures through internal resources and cash flow from operations, as well as debt financings through bank loans and the capital markets. In 2016, we expect to focus on the capacity expansions of our cellular network in Java and outside Java. We expect to continue to finance our capital expenditures through such sources.. We face liquidity risk if certain events occur, including but not limited to, slower than expected growth in the Indonesian economy, downgrading of our debt ratings or deterioration of our financial performance or financial ratios. If we cannot raise the amounts needed to support our planned capital expenditures for 2016, we may be unable to improve or expand our cellular telecommunications infrastructure or update our other technology to the extent necessary to remain competitive in the Indonesian telecommunications market, which would affect our financial condition, results of operations and prospects.

In addition, unexpected changes in technology, demand for increased network capacity from our subscribers and responses to the operations and product innovation of our competitors may require us to increase our capital expenditures, which could affect our revenues, operating results and financial condition.

Foreign Exchange Volatility

The Indonesian rupiah has appreciated considerably over the last decade from its low point of approximately Rp17,000 per U.S. dollar during the Asian financial crisis. During the period between January 1, 2013 through December 31, 2015, the Indonesian rupiah/U.S. dollar middle exchange rate announced by Bank Indonesia ranged from a low of Rp14,728 per U.S. dollar to a high of Rp9,634 per U.S. dollar, and, during the year 2015, the Indonesian rupiah/U.S. dollar middle exchange rate announced by Bank Indonesia ranged from a low of Rp14,728 per U.S. dollar to a high of Rp12,444 per U.S. dollar. The middle exchange rate announced by Bank Indonesia on December 31, 2015 was Rp13,795 per U.S. dollar. While a substantial portion of our operating revenues is denominated in Indonesian rupiah, a portion of our operating revenues is U.S. dollar-denominated. In addition, a substantial portion of our borrowings, capital expenditures and operating expenses, including interest payments on our Guaranteed Notes due 2020 are denominated in currencies other than Indonesian rupiah, principally the U.S. dollar. However in the midst of the year 2015, IPBV had fully redeemed GN 2020, therefore as of December 31, 2015, 75.0% of our borrowings were denominated in Indonesian rupiah. A depreciation in the value of the Indonesian rupiah against the U.S.

dollar affects our financial condition and results of operations because, among other things, the Indonesia rupiah value of expenses payable in U.S. dollars will increase by the same factor, thereby requiring us to convert more Indonesian rupiah to pay our U.S. dollar obligations. Conversely, an appreciation in the value of the Indonesian rupiah against the U.S. dollar affects our financial condition and results of operations because, among other things, it causes a decrease in revenue from foreign carriers for inbound international calls, roaming by foreign carriers' subscribers in Indonesia and operating revenues from our MIDI services and satellite operations. For the year ended December 31, 2013, we recorded a loss on foreign exchange-net of Rp2,786.9 billion, for the year ended December 31, 2014, we recorded a loss on foreign exchange-net of Rp395.4 billion, and for the year ended December 31, 2015, we recorded a loss on foreign exchange - net of Rp1,599.2 billion (US$115.9 million).

In addition, certain of our monetary assets and liabilities are subject to foreign currency exposure. These monetary assets primarily consist of cash, cash equivalents and accounts receivable from foreign telecommunications carriers, as well as our foreign currency-denominated accounts receivable. Our monetary liabilities subject to foreign currency exposure consist of procurements payable and loans payable which were incurred for capital expenditure-related liabilities. The level of our net monetary assets is influenced by the extent to which incoming calls exceed outgoing calls in our IDD business and our foreign currency denominated source of revenues.

We cannot assure you that we will be able to manage our exchange rate risk successfully in the future or that we will not continue to be adversely affected by our exposure to exchange rate risk. Our exposure to foreign exchange fluctuations, particularly as against the U.S. dollar, may increase if we incur additional U.S. dollar-denominated debt to finance our capital expenditure plans.

In February and March 2009, we obtained consents to amendments to certain of our debt instruments and agreements in order to provide additional flexibility in our debt to equity, debt to EBITDA and EBITDA to interest payment ratio maintenance covenants. While we believe that such amendments will provide us with sufficient cushion in the event of volatility in the Indonesian rupiah/U.S. dollar exchange rates, we cannot assure you that further and more intense volatility than that experienced in the past 12 months will not occur, which could cause us to breach our financial covenants.

Overview of Operations

Operating Revenues

We generate operating revenues primarily by providing cellular, MIDI and fixed telecommunications (principally international long-distance) services. The following table sets forth the breakdown of our total operating revenues and the percentage contribution of each of our services to our total operating revenues for each of the periods indicated:

For the years ended December 31,	2013		2014		2015		
(Rp in billions, US$ in millions, except percentages)	Rp	%	Rp	%	Rp	US$	%
Cellular services	19,374.6	81.2	19,480.5	80.9	21,895.7	1,587.2	81.8
MIDI services	3,265.9	13.7	3,508.5	14.6	3,753.5	272.1	14.0
Fixed telecommunications	1,214.8	5.1	1,096.1	4.5	1,119.3	81.1	4.2
Total operating revenues	**23,855.3**	**100.0**	**24,085.1**	**100.0**	**26,768.5**	**1,940.4**	**100.0**

The principal drivers of our operating revenues for all of our services are our subscriber base, usage levels and the rates for services. Usage levels for our services are affected by several factors, including continued growth in demand for telecommunications services in Indonesia, the continued development of the Indonesian economy and competition.

Cellular Services. We derive our cellular services operating revenues mainly from voice, data, SMS, interconnection services, value added services and tower leasing.

The following table sets forth the components of our cellular services operating revenues for the periods indicated:

For the years ended December 31,	2013		2014		2015		
(Rp in billions, US$ in millions, except percentages)	Rp	%	Rp	%	Rp	US$	%
Voice	7,833.8	40.5	7,282.1	37.4	7,604.0	551.2	34.7
Data	3,535.5	18.2	4,481.4	23.0	7,031.1	509.7	32.1
SMS	4,650.5	24.0	4,530.4	23.3	4,985.6	361.4	22.8
Interconnection services	2,604.8	13.4	2,213.0	11.4	1,925.3	139.6	8.8
Value added services	525.1	2.7	720.9	3.7	826.8	59.9	3.8
Tower Leasing	573.3	3.0	667.2	3.4	701.7	50.9	3.2
Discount and customer loyalty program	(582.1)	(3.0)	(818.8)	(4.2)	(1,774.1)	(128.6)	(8.1)
Others	233.7	1.2	404.3	2.0	595.3	43.1	2.7
Total Cellular Revenues	**19,374.6**	**100**	**19,480.5**	**100.0**	**21,895.7**	**1,587.2**	**100.0**

A substantial proportion of our cellular subscribers, approximately 98.9% as of December 31, 2015, are prepaid subscribers. We offer a variety of value-added services to our prepaid subscribers, which have increased cellular services operating revenues from Data usage, SMS and value-added SMS, which allows subscribers to access a variety of information, such as politics, sports and business news. Revenues from value-added services (including SMS) represented 26.7%, 27.0% and 26.6% of our cellular services operating revenues for the years ended December 31, 2013, 2014 and 2015, respectively. We expect the revenues derived from data usage to increase, due to the popularity of social networking sites and the development of other popular online content.

We recognize cellular revenues as follows:

- cellular revenues arising from airtime and roaming calls are recognized based on the duration of successful calls made through our cellular network;
- for post-paid subscribers, monthly service fees are recognized as the service is rendered;
- for prepaid subscribers, the activation component of starter package sales is deferred and recognized as revenue over the expected average period of the customer relationship. Sales of initial/reload vouchers are recorded as deferred revenue and recognized as revenue upon usage of the airtime or upon expiration of the airtime;
- sales of cellular handsets and modems are recognized upon delivery to the customers;
- revenues from cellular data communications are recognized based on the duration and quantity of usage or fixed monthly charges depending on the arrangement with the customers;
- cellular revenues are presented on a net basis, after compensation to value added service providers;
- revenues from network interconnection with other domestic and international telecommunications carriers are recognized monthly on the basis of the actual recorded traffic for the month.

MIDI Services. Our MIDI services operating revenues consist primarily of revenues from (i) Internet services provided by us, IM2 and Lintasarta, (ii) IP VPN services, high-speed leased lines and frame relay services provided by us and Lintasarta, (iii) digital data network services provided by Lintasarta, (iv) satellite services, and (v) World link and Direct link.

We defer installation service revenues for Internet services, frame net, World link and Direct line services, upon the completion of the installation or connection of equipment, and recognize as revenue over the expected customer relationship. We recognize revenues from monthly service fees and other MIDI services as the services are rendered. Revenues from usage charges for Internet services are recognized monthly based on the duration of Internet usage or based on the fixed amount of charges depending on the arrangement with the customers. We record satellite revenues on a straight-line basis over the lease period for the transponder. Monthly rent for satellite transponder capacity is based primarily on leased capacity.

A substantial portion of our MIDI services operating revenues is denominated in U.S. dollars and is thus affected by fluctuations in the Indonesian rupiah/U.S. dollar exchange rate. Our MIDI services operating revenues have also been affected recently by a number of other factors, including competition from domestic and international providers, declining tariffs and a migration from legacy services to IP-based services. We expect such trends to continue but believe that the effects on our operating revenues will be offset by increased volume of services leased by our corporate customers and increased demand for our customized services.

Fixed Telecommunications Services. Fixed telecommunications services include international long-distance, fixed wireless access services, and fixed line services. International long-distance services, which are comprised of our "001" and "008" IDD services, "Flatcall 01016" as well as operator-assisted and value-added services, represented 84.0% of our operating revenues from fixed telecommunications services for the year ended December 31, 2015. Fixed wireless access and fixed line services represented the remaining balance.

International Long-distance Services. Our international long-distance services operating revenues have two primary sources, incoming call revenues and outgoing call revenues. We have negotiated volume commitments and accounting rates with foreign telecommunications operators or have implemented a market termination rate-based pricing system, and receive net settlement payments from such carriers. Net settlement payments and accounting rates are generally denominated and paid in currencies other than the Indonesian rupiah, principally the U.S. dollar; accordingly, incoming call revenues are affected by fluctuations in exchange rates between the Indonesian rupiah and other currencies.

Fixed Wireless Access Services. StarOne's CDMA service was gradually phased out by Indosat Ooredoo in Indonesia since the end of 2014 and officially discontinued on June 30, 2015 related to the Ministry of Communication and Informatics decrees reallocating the 800MHz frequency.

Fixed wireless access revenues arising from usage charges are recognized based on the duration of successful calls made through our fixed network. For postpaid subscribers, monthly service fees are recognized as the service is provided. For prepaid subscribers, the activation component of starter package sales is deferred and recognized as revenue over the estimated life of the customer relationship. Sale of initial or reload vouchers is recorded as unearned revenue and recognized as revenue upon usage of the airtime or upon expiration of the airtime.

Fixed Line Services. We currently have local and domestic long-distance coverage of 152 major cities in Indonesia. Revenues from fixed line installations are recognized as revenue over the estimated life of customer relationship. Revenues from usage charges are recognized based on the duration of successful calls made through our fixed network.

Operating Expenses

Our principal operating expenses include cost of services, depreciation and amortization, personnel expenses, marketing expenses, general and administration expenses.

Certain of our expenses are denominated in U.S. dollars or currencies other than the Indonesian rupiah. Such expenses include those for international interconnection settlements, certain maintenance agreements and consultancy fees.

Cost of Telecommunications Services. Costs of telecommunications services expenses primarily include radio frequency fee, interconnection expenses, maintenance, rents, utilities, cost of handsets, modems, and IT solutions, leased circuits, Universal Service Obligation (USO), cost of SIM cards and pulse reload vouchers, BlackBerry™ access fee, concession fee and installation.

Depreciation and Amortization. We use the straight-line depreciation method for our property, facilities and equipment over their estimated useful lives. A significant portion of our depreciation expenses relate to our cellular services assets. As we continue to expand and enhance the coverage, capacity and quality of our networks, we expect

expenses for depreciation to increase. On August 2, 2012, we and Tower Bersama closed the sale and leaseback transaction of 2,500 telecommunication towers. Since the sale and leaseback transaction has been accounted for as resulting in a finance lease, we recognized the leased assets on our balance sheet and recognize depreciation expense on the leased assets.

Marketing. Expenses primarily include advertising, branding, channel program, customer loyalty and exhibition associated with our marketing programs.

Personnel. Personnel expenses primarily include salaries, incentives and other employee benefits, employee income tax, bonuses, employee benefit obligations and medical expense.

General and Administration. General and administration expenses primarily include professional fees, rent, transportation, provision for impairment of accounts receivable and insurance.

Amortization of Deferred Gain on Sale And Leaseback of Towers. This represents amortization of deferred gain on sale and leaseback of towers over the terms of the lease being 10 years.

Gain (Loss) on Foreign Exchange-Net. Gain (loss) on foreign exchanges-net consists of gains (losses) incurred from accounts other than long-term debt, such as cash and cash equivalents, account receivables and procurement payables.

Others-Net. Others-net expenses primarily includes the gain from sales of asset (other than towers), the tax expense from penalty or tax assessment from tax offices for income taxes other than corporate income taxes, and dividend income from our investment in cost method.

Other Income (Expense)

The major components of our other income (expense) are interest income, gain (loss) on foreign exchange-net, financing cost and gain (loss) on change in the fair value of derivatives-net. Foreign exchange gain or loss primarily includes the gain (loss) on foreign exchange incurred primarily from our long term debt. Financing cost primarily includes interest on loans and finance charges under finance leases, including leases of tower slots.

Taxation

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carryover of unused tax losses, are also recognized to the extent that realization of such benefits is probable. The tax effects for the year are allocated to current operations, except for the tax effects from transactions which are directly charged or credited to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are credited or charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

For each of the consolidated entities, the tax effects of temporary differences and tax loss carryover, which individually are either assets or liabilities, are shown at the applicable net amounts.

Profit (Loss) Attributable to Owners of the Parent

Our profit (loss) attributable to owners of the Parent for the years ended December 31, 2013, 2014 and 2015 is not necessarily reflective of our operating revenues and operating income during such periods, in part due to large fluctuations in several non-operating items, which have impacted our profit (loss) attributable to owners of the Parent over such periods. Such non-operating items include, among others, fluctuations in deferred income tax, gain or loss on foreign exchange-net, and gain or loss on change in the fair value of derivatives-net. We expect these fluctuations to continue.

Results of Operations

The following table sets forth selected profit or loss data expressed as a percentage of total operating revenues for the periods indicated:

For the years ended December 31,	2013	2014	2015
Operating Revenues			
Cellular	81.2%	80.9%	81.8%
MIDI	13.7%	14.6%	14.0%
Fixed telecommunications	5.1%	4.5%	4.2%
Total operating revenues	**100.0%**	**100.0%**	**100.0%**
Operating Expenses			
Cost of telecommunications services	(41.7%)	(43.2%)	(41.9%)
Depreciation and amortization	(37.6%)	(34.2%)	(32.8%)
Personnel	(7.3%)	(7.2%)	(7.2%)
Marketing	(3.7%)	(4.3%)	(4.6%)
General and administration	(3.8%)	(3.6%)	(3.5%)
Gain (loss) on foreign exchange-net	0.9%	(0.6%)	(1.1%)
Amortization of deferred gain on sale and leaseback of towers	0.6%	0.6%	0.5%
Gain on sale of available-for-sale investment	0.0%	(1.7)%	0.0%
Provision for legal case	(0.0%)	(5.6%)	(0.0%)
Others-net	(1.1%)	(0.8%)	(0.7%)
Total operating expenses	**(93.7%)**	**(97.3%)**	**(91.2%)**
Net Profit			
Operating income	6.3%	2.7%	8.8%
Other expense-net	(20.3%)	(10.8)%	(15.5%)
Profit (loss) before income tax	(14.0)%	(8.1)%	(6.7%)
Income tax benefit-net	2.8%	0.3%	2.3%
Profit attributable to Owners of the Parent	(11.7%)	(8.3)%	(4.9%)
Profit attributable to Non-controlling interest	0.5%	0.5%	0.5%

The following table sets forth our operating revenues from our various business segments for the periods indicated:

For the years ended December 31,	2013		2014		2015		
(Rp in billions, US$ in millions, except percentages)	Rp	%	Rp	%	Rp	US$	%
Cellular Services							
Voice	7,833.8	40.5	7,282.1	37.4	7,604.0	551.2	34.7
Data	3,535.5	18.2	4,481.4	23.0	7,031.1	509.7	32.1
SMS	4,650.5	24.0	4,530.4	23.3	4,985.6	361.4	22.8
Interconnection services	2,604.8	13.4	2,213.0	11.4	1,925.3	139.6	8.8
Value added services	525.1	2.7	720.9	3.7	826.8	59.9	3.8
Tower Leasing	573.3	3.0	667.2	3.4	701.7	50.9	3.2
Discount and customer loyalty program	(582.1)	(3.0)	(818.8)	(4.2)	(1,774.1)	(128.6)	(8.1)
Others	233.7	1.2	404.3	2.0	595.3	43.1	2.7
Subtotal	**19,374.6**	**100.0**	**19,480.5**	**100.0**	**21,895.7**	**1,587.2**	**100.0**
MIDI							
IP VPN	706.0	21.6	864.4	24.6	797.6	57.8	21.3
MPLS	380.8	11.7	428.0	12.2	753.2	54.6	20.1
Internet	696.2	21.3	580.1	16.5	563.5	40.9	15.0
Application services	283.8	8.7	299.2	8.5	417.4	30.3	11.1
Satellite lease	278.2	8.5	301.4	8.6	354.0	25.6	9.4
World link and direct link	340.7	10.4	252.5	7.2	260.8	18.9	6.9
Leased lines	169.3	5.2	295.3	8.4	245.0	17.7	6.5
Digital data network	110.1	3.4	115.9	3.3	138.8	10.1	3.7
Frame net	93.4	2.9	69.1	2.0	52.2	3.8	1.4
Value-added services	52.2	1.6	89.8	2.6	44.4	3.2	1.2
Others	155.2	4.7	212.8	6.1	126.6	9.2	3.4
Subtotal	**3,265.9**	**100.0**	**3,508.5**	**100.0**	**3,753.5**	**272.1**	**100.0**
Fixed Telecommunications							
International Calls	1,020.0	84.0	920.1	84.0	975.8	70.7	87.2
Fixed Line	135.2	11.1	130.9	11.9	130.9	9.5	11.7
Fixed Wireless	59.6	4.9	45.1	4.1	12.6	0.9	1.1
Subtotal	**1,214.8**	**100.0**	**1,096.1**	**100.0**	**1,119.3**	**81.1**	**100.0**
Total	**23,855.3**	**-**	**24,085.1**	**-**	**26,768.5**	**-**	**-**

Year ended December 31, 2014 compared to Year ended December 31, 2015

Operating Revenues

Total operating revenues increased from Rp24,085.1 billion in 2014 to Rp26,768.5 billion (US$1,940.5 million) in 2015 or 11.1%, primarily as a result of an increase in operating revenues from cellular services and from MIDI services. During 2015, operating revenues from cellular services increased by Rp2,415.2 billion, or 12.4%, from Rp19,480.5 billion in 2014 to Rp21,895.7 billion (US$1,587.2 million) in 2015. Operating revenues from MIDI services increased by Rp245.0 billion, or 7.0%, from Rp3,508.5 billion in 2014 to Rp3,753.5 billion (US$272.1 million) in 2015. Operating revenues from fixed telecommunications services in 2015 increased by Rp23.2 billion, or 2.1%, from Rp1,096.1 billion in 2014 to Rp1,119.3 billion (US$81.1 million) in 2015.

Cellular Services. In 2015, we recorded cellular services operating revenues of Rp21,895.7 billion (US$1,587.2 million), an increase of 12.4% from Rp19,480.5 billion in 2014. The increase was primarily a result of an increase in operating revenues from data usage, SMS, Voice and VAS, which was partially offset by decrease in interconnection revenue. Operating revenues from cellular services represented 81.8% of our total operating revenues for 2015, which is higher than the percentage for 2014.

MIDI Services. In 2015, operating revenues from MIDI services increased by Rp245.0 billion from Rp3,508.5 billion in 2014 to Rp3,753.5 billion (US$272.1 million) in 2015. The increase in MIDI services operating revenues was primarily due to increase capacity of Internet services and IT Services.

Fixed Telecommunications Services. There was an increase in fixed telecommunications services operating revenues of Rp23.2 billion, or 2.1%, from Rp1,096.1 billion in 2014 to Rp1,119.3 billion (US$81.1 million) in 2015. Operating revenues from international calls and fixed line represented 87.2% and 11.7% of fixed telecommunications services operating revenues in 2015, respectively. The remaining 1.1% of fixed telecommunications services operating revenues in 2015 was generated by fixed wireless access. Revenues from international calls increased from Rp920.1 billion in 2014 to Rp975.8 billion (US$70.7 million) in 2015.

Operating Expenses

Operating expenses increased by Rp968.1 billion, or 4.1%, from Rp23,438.3 billion in 2014 to Rp24,406.4 billion (US$1,769.2 million) in 2015, primarily due to Depreciation, Cost of Services, Marketing and Personnel.

Depreciation and amortization expenses increased by Rp543 billion, or 6.6%, from Rp8,226.1 billion in 2014 to Rp8,769.1 billion (US$635.7 million) in 2015, primarily due to additional asset recognition from network modernization deployment. The total cost of our property and equipment increased by Rp 9,174.6 billion, or 8.9%, from Rp103,374.8 billion in 2014 to Rp112,549.4 billion (US$8,158.7 million) in 2015.

Cost of Telecommunications services expenses increased by Rp805.0 billion, or 7.7%, from Rp10,408.9 billion in 2014 to Rp11,213.9 billion (US$812.9 million) in 2015, primarily as a result of an increase in frequency fees, maintenance and rent offset by decrease in leased circuit, BlackBerry license fee and interconnection expenses in line with lower interconnection revenues.

Personnel expenses increased by Rp182.5 billion, or 10.5%, from Rp1,738.6 billion in 2014 to Rp1,921.1 billion (US$139.3 million) in 2015, mainly owing to higher headcount.

Marketing expenses increased by Rp191.8 billion, or 18.4%, from Rp1,044.9 billion in 2014 to Rp1,236.7 billion (US$89.6 million) in 2015, primarily due to marketing activities related with rebranding.

General and administration expenses increased by Rp64.1 billion or 7.5% from Rp859.5 billion in 2014 to Rp923.6 billion (US$66.9 million) in 2015 primarily due to higher network insurance and professional fees.

Loss on foreign exchange-net. We recorded an increased in loss on foreign exchange of Rp154.3 billion, or 101.4%, from Rp152.3 billion in 2014 to Rp306.6 billion (US$22.2 million) in 2015 primarily due to depreciation rupiah in 2015.

Provision for Legal Case. No provision in 2015 since the provision was only incurred in 2014 due to the legal case in IM2.

Others-net. Others-net expense decreased by Rp27.7 billion, or 13.6%, from Rp204.2 billion in 2014 to Rp176.5 billion (US$12.8 million) in 2015 mainly due to less tax expense.

Operating Income

As a result of the above factors, operating income increased by Rp1,715.3 billion, or 265.2%, from Rp646.8 billion in 2014 to Rp2,362.1 billion (US$171.2 million) in 2015.

Other Expenses-Net

Other expenses-net increased by Rp1,539.1 billion, or 59.0%, from Rp2,608.8 billion in 2014 to Rp4,147.9 billion (US$300.7 million) in 2015, primarily due to a higher loss on foreign exchange – net, higher financing cost, and higher loss on change in fair value of derivative - net.

Loss on foreign exchange-net increased by Rp1,049.3 billion, or 431.5%, from Rp243.2 billion in 2014 to Rp1,292.5 billion (US$93.7 million) in 2015. The Indonesian rupiah/U.S. dollar middle exchange rate announced by Bank Indonesia increased from Rp12,440 per U.S. dollar as of December 31, 2014 to Rp13,795 per U.S. dollar as of December 31, 2015, compared to the increased from Rp12,189 per U.S. dollar as of December 31, 2013 to Rp12,440 per U.S. dollar as of December 31, 2014.

We recorded financing cost of Rp2,829.5 billion (US$205.1 million) in 2015, which represented an increase of Rp423.0 billion, or 17.6%, from Rp2,406.5 billion in 2014 due to higher amortization of bonds and loans issuance cost and also premium paid for the early redemption of Guaranteed Notes - 2020 ("GN 2020").

We recorded a loss on change in fair value of derivatives-net of Rp244.5 billion (US$17.7 million) in 2015, representing an increase of Rp142.6 billion, from Rp101.9 billion in 2014.

We recorded interest income of Rp218.6 billion (US$15.8 million) in 2015, which represented an increase of Rp75.8 billion, or 53.0%, from Rp142.8 billion in 2014, due to higher foreign exchange rate from more USD denominated time deposits in respective period.

Income Tax Benefit (Expense)-Net

We recorded income tax benefit-net of Rp622.3 billion (US$45.1 million) in 2015 compared to income tax benefit-net of Rp83.8 billion in 2014.

Profit (loss) for the year attributable to Owners of the Parent

We recorded a loss attributable to owners of the Parent of Rp1,310.0 billion (US$95.0 million) in 2015 compared to a loss attributable to owners of the Parent of Rp2,008.4 billion in 2014 primarily by the absence of provision for IM2 case that was booked in 1H 2014, offset by increase in net foreign exchange loss.

Year ended December 31, 2013 compared to Year ended December 31, 2014

Operating Revenue

Total operating revenues increased from Rp23,855.3 billion in 2013 to Rp24,085.1 billion (US$1,936.1 million) in 2014 or 1.0%, primarily as a result of an increase in operating revenues from cellular services and from MIDI services. During 2014, operating revenues from cellular services increased by Rp105.9 billion, or 0.5%, from Rp19,374.6 billion in 2013 to Rp19,480.5 billion (US$1,566.0 million) in 2014. Operating revenues from MIDI services increased by Rp242.6 billion, or 7.4%, from Rp3,265.9 billion in 2013 to Rp3,508.5 billion (US$282.0 million) in 2014. Operating revenues from fixed telecommunications services in 2014 decreased by Rp118.7 billion, or 9.8%, from Rp1,214.8 billion in 2013 to Rp1,096.1 billion (US$88.1 million) in 2014.

Cellular Services. In 2014, we recorded cellular services operating revenues of Rp19,480.5 billion (US$1,566.0 million), an increase of 0.5% from Rp19,374.6 billion in 2013. The increase was primarily a result of an increase in operating revenues from data usage and VAS, which was partially offset by increase in upfront discount and customer loyalty program. Operating revenues from cellular services represented 80.9% of our total operating revenues for 2014, which is lower than the percentage for 2013.

MIDI Services. In 2014, operating revenues from MIDI services increased by Rp242.6 billion from Rp3,265.9 billion in 2013 to Rp3,508.5 billion (US$282.0 million) in 2014. The increase in MIDI services operating revenues was primarily due to new customer of Transponder, IPVPN, MPLS, increase capacity of Internet services and IT Services.

Fixed Telecommunications Services. There was a decrease in fixed telecommunications services operating revenues of Rp118.7 billion, or 9.8%, from Rp1,214.8 billion in 2013 to Rp1,096.1 billion (US$88.1 million) in 2014. Operating revenues from international calls and fixed wireless access services represented 84.0% and 4.1% of fixed telecommunications services operating revenues in 2014, respectively. The remaining 11.9% of fixed telecommunications services operating revenues in 2014 was generated by fixed line. Revenues from international calls decreased from Rp1,020.0 billion in 2013 to Rp920.1 billion (US$74.0 million) in 2014.

Operating Expenses

Operating expenses increased by Rp1,085.5 billion, or 4.9%, from Rp22,352.8 billion in 2013 to Rp23,438.3 billion (US$1,884.1 million) in 2014, primarily due to an increase in provision for legal case expense.

Depreciation and amortization expenses decreased by Rp732.3 billion, or 8.2%, from Rp8,958.4 billion in 2013 to Rp8,226.1 billion (US$661.3 million) in 2014, primarily due to less accelerated depreciation impact in 2014 compared to the one in 2013 (impact of decrease in the useful lives of our cellular technical equipment from 10 to 8 years which took effect in 2013). The total cost of our property and equipment increased by Rp6,309.5 billion, or 6.5%, from Rp97,065.3 billion in 2013 to Rp103,374.8 billion (US$8,309.9 million) in 2014.

Cost of telecommunications services expenses increased by Rp452.4 billion, or 4.5%, from Rp9,956.5 billion in 2013 to Rp10,408.9 billion (US$836.7 million) in 2014, primarily as a result of an increase of frequency fee due to higher inflation rate.

Personnel expenses increased by Rp4.2 billion, or 0.2%, from Rp1,734.4 billion in 2013 to Rp1,738.6 billion (US$139.8 million) in 2014, primarily due to higher post retirement healthcare, Labor Law 13, Employees Separation Program ("ESP"), and increase in bonus, salaries and incentives.

Marketing expenses increased by Rp151.3 billion, or 16.9%, from Rp893.6 billion in 2013 to Rp1,044.9 billion (US$84.0 million) in 2014, primarily due to push Mentari 3 GB data program.

General and administration expenses decreased by Rp42.0 billion or 4.7% from Rp901.5 billion in 2013 to Rp859.5 billion (US$69.1 million) in 2014 due to lower professional fees.

Loss on foreign exchange-net. We recorded an increased in loss on foreign exchange of Rp376.8 billion, or 167.8%, from gain amounting to Rp224.5 billion in 2013 to loss amounting to Rp152.3 billion (US$12.2 million) in 2014 primarily due to depreciation rupiah in 2014.

Provision for Legal Case. There was no provision in 2015 since provision was only made in 2014 due to the IM2 legal case.

Others-net. Others-net expense decreased by Rp69.8 billion, or 25.5%, from Rp274.0 billion in 2013 to Rp204.2 billion (US$16.4 million) in 2014.

Operating Income

As a result of the above factors, operating income decreased by Rp855.7 billion, or 56.9%, from Rp1,502.5 billion in 2013 to Rp646.8 billion (US$52.0 million) in 2014.

Other Expenses-Net

Other expenses-net decreased by Rp2,234.2 billion, or 46.1%, from Rp4,843.0 billion in 2013 to Rp2,608.8 billion (US$209.7 million) in 2014, primarily due to a decrease in loss on foreign exchange, increase in loss on change in fair value of derivative-net and increased in interest income.

Loss on foreign exchange-net decreased by Rp2,768.2 billion, or 91.9%, from Rp3,011.4 billion in 2013 to Rp243.2 billion (US$19.5 million) in 2014. The Indonesian rupiah/U.S. dollar middle exchange rate announced by Bank Indonesia increased from Rp12,189 per U.S. dollar as of December 31, 2013 to Rp12,440 per U.S. dollar as of December 31, 2014, compared to the increased from Rp9,670 per U.S. dollar as of December 31, 2012 to Rp12,189 per U.S. dollar as of December 31, 2013.

We recorded financing cost of Rp2,406.5 billion (US$193.4 million) in 2014, which represented an increase of Rp194.4 billion, or 8.8%, from Rp2,212.1 billion in 2013 as a result of an increased in interest expense on higher interest rate of rupiah loan and finance charge under our finance lease.

We recorded a loss on change in fair value of derivatives-net of Rp101.9 billion (US$8.2 million) in 2014, representing an decreased of Rp375.2 billion, over a gain on change in fair value of derivatives-net of Rp273.3 billion in 2013.

We recorded interest income of Rp142.8 billion (US$11.5 million) in 2014, which represented an increase of Rp35.6 billion, or 33.2%, from Rp107.2 billion in 2013, due to an increase in cash balances in 2014.

Income Tax Benefit (Expense)-Net

We recorded income tax benefit-net of Rp83.8 billion (US$6.7 million) in 2014 compared to income tax benefit-net of Rp668.6 billion in 2013.

Profit (loss) for the year attributable to Owners of the Parent

We recorded a loss attributable to owners of the Parent of Rp2,008.4 billion (US$161.4 million) in 2014 compared to a loss attributable to owners of the Parent of Rp2,788.2 billion in 2013 due to the foregoing factors.

Segment Results

For the years ended December 31,	2013		2014		2015		
(Rp in billions, US$ in millions, except percentages)	Rp	%	Rp	%	Rp	US$	%
Segmented Operating Revenues							
Cellular services	19,374.6	81.2	19,480.5	80.9	21,895.7	1,587.2	81.8
MIDI Services	3,265.9	13.7	3,508.5	14.6	3,753.5	272.1	14.0
Fixed Telecommunications	1,214.8	5.1	1,096.1	4.5	1,119.3	81.2	4.2
Total operating revenues	**23,855.3**	**100.0**	**24,085.1**	**100.0**	**26,768.5**	**1,940.5**	**100.0**
Segmented Operating Expenses							
Cellular services	18,209.0	81.1	18,308.7	82.2	20,215.4	1,465.4	84.0
MIDI Services	2,765.6	12.4	2,844.4	12.8	2,831.5	205.2	11.8
Fixed Telecommunications	1,469.8	6.5	1,124.9	5.0	1,017.5	73.8	4.2
Total operating expenses	**22,444.4**	**100.0**	**22,278.0**	**100.0**	**24,064.4**	**1,744.4**	**100.0**
Segmented Operating Profit							
Cellular services	1,165.6	82.6	1,171.8	64.8	1,680.3	121.8	62.1
MIDI Services	500.3	35.5	664.1	36.8	922.0	66.9	34.1
Fixed Telecommunications	(255.0)	(18.1)	(28.8)	(1.6)	101.8	7.4	3.8
Total operating profit	**1,410.9**	**100.0**	**1,807.1**	**100.0**	**2,704.1**	**196.1**	**100.0**

Cellular Services

Cellular service operating profit increased by Rp508.5 billion, or 43.4%, from Rp1,171.8 billion in 2014 to Rp1,680.3 billion (US$121.8 million) in 2015 mainly due to an increase in operating revenue driven mainly from Data, SMS, Voice and VAS revenue due to modernized network and digital business initiatives through various partnerships. Such increase is partially offset by the increase in cost of services expenses in relation to increase in radio frequency fees, maintenance and rent and the increase in marketing due to rebranding activities.

Cellular service operating profit decreased by Rp6.2 billion, or 0.5%, from Rp1,165.6 billion in 2013 to Rp1,171.8 billion in 2014 mainly due to an increase in operating revenue driven mainly from Data and VAS due to new initiatives in 2014 such as MOBO, Mentari Super Data and Matrix Super Plan. Such increase is partially offset by the increase in cost of services expenses in relation to increase in radio frequency fees due to an increase in the inflation rate, increase in cost of handsets and modems, maintenance and expenses related to pushed data campaign starting on third quarter of 2014.

MIDI Services

MIDI services operating profit increased by Rp257.9 billion, or 38.8%, from Rp664.1 billion in 2014 to Rp922.0 billion (US$66.9 million) in 2015, mainly due to increased capacity of Internet services. The increase is also strengthened by decrease in cost of services in relation to leased circuit and installation.

MIDI services operating profit increased by Rp163.8 billion, or 32.7%, from Rp500.3 billion in 2013 to Rp664.1 billion in 2014, mainly due to increased revenue derived from new customer of Transponder, IPVPN, MPLS, increase capacity of Internet services and IT services. These increases were partly offset by increase in administration and general expenses for provision for bad debt.

Fixed Telecommunication Services

Fixed Telecommunication services operating profit increased by Rp130.6 billion, or 453.5%, from operating loss of (Rp28.8 billion) in 2014 to operating profit of Rp101.8 billion (US$7.4 million) in 2015, mainly due to increased revenue derived from international calls. Such increase is also strengthened by decreased general and administration for provision for bad debt and decreased cost of services for leased circuit.

Fixed Telecommunication services operating losses decreased by Rp226.2 billion, or 88.7%, from Rp225.0 billion in 2013 to Rp28.8 billion in 2014 due to decreased depreciation derived from accelerated depreciation in 2013 and cost optimization in leased circuit expenses.

Liquidity and Capital Resources

Our liquidity requirements have historically arisen from the need to finance investments and capital expenditures related to the expansion of our telecommunications business. Our telecommunications business requires substantial capital expenditures to construct and expand mobile and data network infrastructure and to fund operations, particularly during the network development stage. Although we have substantial existing network infrastructure, we expect to incur additional capital expenditures in order to focus cellular network development in areas that we anticipate to be high-growth areas, as well as to enhance the quality and coverage of our existing network.

We believe our current cash and cash equivalents, cash flow from operations and available sources of financing, will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and planned capital expenditures, for the foreseeable future. Nonetheless, if global or Indonesian economic conditions worsen, competition or product substitution accelerates beyond current expectations or the value of the Indonesian rupiah depreciates significantly against the U.S. dollar, our net cash flow from operating activities may decrease and the amount of required capital expenditures in Indonesian rupiah terms may increase, any of which may negatively impact our liquidity.

As of December 31, 2015, the available loans facility than can be drawn from time to time until the maturity of the facilities are amounting to Rp600.0 billion and US$210.0 million, which consist of as follows:

- Rp600.0 billion under the unsecured revolving credit facility from PT Bank Central Asia;
- US$200.0 million under the unsecured revolving credit facility from The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch ("HSBC Jakarta");
- US$10.0 million under the unsecured revolving credit facility from Citibank, NA, Jakarta Branch.

Cash Flows

The following table sets forth certain information regarding our historical cash flows:

For the years ended December 31,	2013	2014	2015	
(Rp in billions, US$ in millions)	Rp	Rp	Rp	US$
Net cash flows				
Provided by operating activities	8,392.1	7,348.8	8,265.0	599.1
Used in investing activities	(9,068.0)	(5,003.6)	(7,145.4)	(518.0)
Used in financing activities	(748.8)	(1,057.4)	(1,085.4)	(78.6)
Net Foreign exchange differences from cash and cash equivalents	(221.3)	(41.3)	109.1	7.9

Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to Rp8,392.1billion, Rp 7,348.8billion and Rp8,265.0 billion (US$599.1 million) for, 2013, 2014 and 2015 respectively. In 2015, net cash provided by operating activities increased mainly due to higher proceeds from customer which is in line with revenue growth, refund of corporate income taxes, settlement from currency forwards contracts which is offset by higher financing cost and payment to suppliers.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to Rp9,068.0 billion, Rp5,003.6 billion and Rp7,145.4 billion (US$518 million) for 2013 , 2014 and 2015, respectively. Net cash used in investing activities for, 2013 ,2014 and 2015 had been driven primarily by acquisitions of property and equipment, totaling, Rp9,322.4 billion, Rp6,432.1 billion and Rp7,344.8 billion (US$532.4 million), respectively, as we expanded our network coverage and capacity and modernized our network equipment during those years. The property and equipment purchased consisted primarily of cellular technical equipment, building and leasehold improvements, transmission and cross-connection equipment, information technology equipment and other.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to Rp748.8 billion, Rp1,057.4 billion and Rp1,085.4 billion (US$78.6 million) in 2013, 2014 and 2015, respectively. Net cash used in financing activities in 2015 was related primarily to Repayment of Debts and Bonds, offset with additional refinancing from Loans and Bonds.

Principal Indebtedness

The following table sets forth our outstanding borrowings as of December 31, 2013, 2014 and 2015:

As of December 31,	2013	2014	2015	
(Rp in billions, US$ in millions)	Rp	Rp	Rp	US$
Short-term loans (net of unamortized loans issuance costs)	1,499.8	849.4	1,449.0	105.0
Loans payable (net of unamortized loans issuance costs, unamortized consent fees, and current maturities)	4,346.3	3,727.1	6,369.9	461.8
Bonds payable (net of unamortized bonds issuance costs, unamortized consent fees, and current maturities)	12,814.5	6,962.1	9,282.2	672.9
Sharia bonds (net of unamortized bonds issuance costs, unamortized consent fees, and current maturities)	470.7	660.4	954.6	69.2
Current maturities of loans payable (net of unamortized loans issuance costs and unamortized consent fees)	2,443.4	2,613.5	4,240.7	307.4
Current maturities of bonds payable (net of unamortized bonds issuance costs and unamortized consent fees)	1,928.6	8,333.6	1,152.8	83.6
Current maturities of sharia bonds (net of unamortized bonds issuance costs and unamortized consent fees)	427.8	-	226.8	16.4

The increase in short term loan (net of unamortized issuance cost) to Rp1,449.0 billion (US$105.0 million) as of December 31, 2015 from Rp849.4 billion as of December 31, 2014 was primarily due to drawdown under the credit facility from Bank BNI. The decrease in current maturities of bonds payable (net of unamortized issuance costs, unamortized discount, unamortized consent fees and current maturities) to Rp1,152.8 billion (US$83.6 million) as of December 31, 2015 from Rp8,333.6 billion was due to the Company executed the call option of the US$650 million bonds at the 5th anniversary of the bonds on July 29, 2015. The total redemption was at a price equal to 103.6875% of the principal amount purchased, plus the accrued and unpaid interest up to settlement date. The increase in loans payable (net of unamortized issuance cost, unamortized consent fee and current maturities) to Rp6,369.9 billion (US$461.8 million) as of December 31, 2015 from Rp3,727.1 billion was primarily due to drawdown under the credit facility from PT Bank Central Asia Tbk ("BCA"), The Bank of Tokyo Mitsubishi-UFJ, Ltd ("BTMU"), Mizuho Bank Ltd. ("Mizuho"), DBS Bank Ltd. ("DBS"), Citibank, N.A., Indonesia ("Citibank") and ANZ Banking Group Ltd. ("ANZ").

Because a portion of our liabilities are U.S. dollar-denominated, we are exposed to fluctuations in the exchange rate of Indonesian rupiah to U.S dollar. Depreciation in the Indonesian rupiah and an increase in foreign exchange volatility exposed us to short-term accounting adjustments which impacted our financial ratios. To help address the impact of such currency fluctuations in 2009, we amended the debt to equity ratio covenants in all of our applicable debt instruments and agreements to increase the ratio from 1.75 to 2.50, in order to provide us with additional "cushion" in the event of adverse foreign exchange movements. We also amended the debt to equity ratio covenants in order to better reflect the effect of our hedging policies on this ratio, and amended the definitions of "Debt" and "Equity" in such debt instruments and agreements in order to provide additional headroom under these line items.

As part of the amendments approved in 2009, we obtained consents to the following amendments to defined terms in certain of our applicable debt instruments and agreements: (i) excluding non-cash items, including foreign exchange gains or losses, from the definition of "EBITDA"; (ii) excluding interest-bearing procurement payables from the definition of "Debt" unless their maturities are in excess of six months from the invoice date; and (iii) including in "Equity" (a) minority interests, for entities the debt of which is 100% consolidated by us, and (b) subordinated shareholder loans.

While we believe that the foregoing amendments provide us with sufficient cushion in the event of volatility in the U.S. dollar-Indonesian rupiah exchange rates, we cannot assure you that further and more intense volatility than that experienced in the past 12 months will not occur, which could cause us to breach our financial covenants.

Set forth below are calculations of our historical financial ratios that are contained in our financial covenants under IFAS as required by our debt agreements.

As of and for the years ended December 31,		2013	2014	2015	
(Rp in billions, US$ in millions)	Ratio Required	Rp	Rp	Rp	US$
Financial Position and Profit or Loss Data					
Short term loan		1,500.0	850.0	1,450.0	105.1
Less : unamortized loans issuance cost		(0.2)	(0.6)	(1.0)	(0.1)
Sub-total		**1,499.8**	**849.4**	**1,449.0**	**105.0**
Current maturities from					
Loans payable		2,443.4	2,613.9	4,245.7	307.8
Bonds payable		1,930.0	8,406.0	1,154.0	83.6
Sharia bonds		428.0	-	227.0	16.5
Less : unamortized loans/bonds issuance cost, consent solicitation fees and discounts		(1.6)	(72.8)	(6.4)	(0.5)
Sub-total		**4,799.8**	**10,947.1**	**5,620.3**	**407.4**
Loans payable-net of current maturities					
Loans payable - related parties		-	850.0	100.0	7.2
Loans payable - third parties		4,426.7	2,931.5	6,316.3	457.9
Bonds payable-net of current maturities		12,912.9	6,980.0	9,304.0	674.5
Sharia bonds-net of current maturities		472.0	662.0	957.0	69.4
Less : Unamortized loans/bonds issuance cost, consent solicitation fees and discounts		(180.1)	(73.9)	(70.6)	(5.1)
Sub-total		**17,631.5**	**11,349.6**	**16,606.7**	**1,203.9**
Total Debt(1)		23,931.1	23,146.1	23,676.0	1,716.3
Obligation under finance lease(1)		3,940.5	4,052.3	3,967.1	287.6
Total Assets		54,566.0	53,269.7	55,388.5	4,015.1
Total Liabilities		37,794.9	38,971.1	42,124.7	3,053.6
Total Equity (2)		16,771.1	14,298.6	13,263.8	961.5
Operating Profit		1,502.5	646.8	2,362.1	171.2
Depreciation and Amortization		8,958.4	8,226.1	8,769.1	635.7
EBITDA(3)		10,369.3	10,033.1	11,473.3	831.7
Interest Expense		1,697.7	1,890.6	2,203.9	159.8
Financial Ratios					
Gross Debt to Equity ratio	<2.50x	1.70x	1.91x	2.09x	
Gross Debt to EBITDA ratio	<3.50x	2.71x	2.73x	2.42x	
EBITDA to Interest Expense ratio	>3.00x	6.11x	5.31x	5.21x	

1. We define gross debt as total loans payable, bonds payable and sharia bonds (current and non-current maturities), unamortized issuance cost (loans, bonds, sharia bonds and notes), unamortized consent solicitation fees (loans, bonds, sharia bonds) and unamortized discounts (loans and notes), and also obligation under finance lease.
   According to the amended definition, "Debt" means, with respect to any person on any date of determination (without duplication):
   a. the principal of and premium (if any) in respect of debt of such person for money borrowed and debt evidenced by notes, debentures, bonds or other similar instruments for the payment of which such person is responsible or liable which in any such case, bears interest or on which interest accrues; and
   b. all obligations of such person in relation to procurement payables constituting accounts payable to such person's suppliers which bear interest or on which interest accrues and payment for such accounts payable is due more than six months after the relevant invoice date, but, in relation to any member of our Company or our subsidiaries (together the "Group"), or the Group, deducting all indebtedness advanced by any (direct or indirect) shareholder of our Company to such member of the Group which is subordinated to any indebtedness falling under paragraph (a) above or this paragraph (b).

2. We define equity as total equity and non-controlling interest. According to the amended definition, "Equity" means total assets less total liabilities, where total liabilities exclude all indebtedness advanced by any (direct or indirect) shareholder of our Company to any member of the Group which is subordinated to any Debt.

3. We have defined EBITDA as earnings before interest, amortization of goodwill, non-operating income and expense, income tax expense, depreciation and non-controlling interest in net income of subsidiaries as reported in the consolidated financial statements prepared under IFAS. EBITDA is not a standard measure under IFAS. As the telecommunications business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the net income of companies with similar operating results. Therefore, we believe that EBITDA provides a useful reflection of our operating results and that profit (loss) attributable to owner of the Company is the most directly comparable financial measure to EBITDA as an indicator of our operating performance. You should not consider our definition of EBITDA in isolation or as an indicator of operating performance, liquidity or any other standard measure under IFAS, or other companies' definition of EBITDA. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments. According to the amended definition, "EBITDA" means, for any period, an amount equal to the sum of operating income (calculated before financing costs, taxes, non-operating income or expenses and extraordinary and exceptional items) plus depreciation and amortization and, in the case of any testing or calculation of the ratio of aggregate Debt of the Group, to EBITDA of the Group after giving pro forma effect to any material acquisition or disposal of assets or businesses as if such acquisition or disposal had occurred on the first day of such period.

The following table reconciles our net income under IFAS to our definition of EBITDA for the years indicated:

For the years ended December 31,	2013	2014	2015	
(Rp in billions, US$ in millions)	Rp	Rp	Rp	US$
EBITDA	10.369,3	10.033,1	11,473,3	831,7
Interest Income	107,2	142,8	218,6	15,8
Financing cost	(2.212,1)	(2.406,5)	(2.829,5)	(205,1)
Provision for legal case	-	(1.358,6)	-	-
Gain (loss) on change in fair value of derivatives-net	273,3	(101,9)	(244,5)	(17,7)
Amortization of deferred gain on sale and leaseback of towers	141,1	141,1	141,1	10,2
Others-net	(274,1)	(204,2)	(176,6)	(12,8)
Loss on foreign exchange-net	(2.786,9)	(395,4)	(1.599,1)	(115,9)
Gain on sale of available-for-sale investment	-	413,7	-	-
Income tax benefit-net	668,6	83,8	622,3	45,1
Depreciation and amortization	(8.958,4)	(8.226,1)	(8.769,1)	(635,7)
Profit attributable to non-controlling interest	(116,2)	(130,2)	(146,5)	(10,6)
Profit (loss) for the year attributable to owners of the Parent	(2.788,2)	(2.008,4)	(1.310,0)	(95,0)

The following table summarizes our primary long-term indebtedness (including short-term loans) and bonds payable as of December 31, 2013, 2014, 2015.

As of December 31	2013	2014	2015	
(Rp in billions, US$ in millions)	Rp	Rp	Rp	US$
Bonds Payable				
Guaranteed Notes Due 2020	7,922.9	8,086.0	-	-
Eighth Indosat Bonds	2,700.0	2,700.0	2,700.0	195.7
Shelf Registration Indosat Bond I Phase I	-	2,310.0	2,310.0	167.5
Shelf Registration Indosat Bond I Phase II	-	-	2,684.0	194.6
Shelf Registration Indosat Bond I Phase III	-	-	794.0	57.6
Fifth Indosat Bonds	2,600.0	1,370.0	1,370.0	99.3
Seventh Indosat Bonds	1,300.0	600.0	600.0	43.5
Sixth Indosat Bonds	320.0	320.0	-	-
Sub-total loan payable	14,842.9	15,386.0	10,458.0	758.2
Less : unamortized bonds issuance cost, consent solicitation fees and discounts	(99.8)	(90.3)	(23.0)	(1.7)
Current maturities of bonds payable	(1,928.6)	(8,333.6)	(1,152.8)	(83.6)
Total bonds payable : non-current portion	**12,814.5**	**6,962.1**	**9,282.2**	**672.9**
Sharia Bonds				
Fifth Syari'ah Ijarah Bonds	300.0	300.0	300.0	21.7
Shelf Registration Indosat Sukuk Ijarah I Phase I	-	190.0	190.0	13.8
Shelf Registration Indosat Sukuk Ijarah I Phase II	-	-	416.0	30.1
Shelf Registration Indosat Sukuk Ijarah I Phase III	-	-	106.0	7.7
Fourth Syari'ah Ijarah Bonds	200.0	172.0	172.0	12.5

As of December 31	2013	2014	2015	
(Rp in billions, US$ in millions)	Rp	Rp	Rp	US$
Second Syari'ah Ijarah Bonds	400.0	-	-	-
Sub-total sharia bonds	900.0	662.0	1,184.0	85.8
Less : unamortized bonds issuance cost, consent solicitation fees and discounts	(1.5)	(1.6)	(2.6)	(0.2)
current maturities	(427.8)	-	(226.8)	(16.4)
Total sharia bonds : non-current portion	**470.7**	**660.4**	**954.6**	**69.2**
Loans Payable (Including Short Term Loans)				
Related Party	1,800.0	1,450.0	2,050.0	148.6
Third Party	6,569.9	5,795.4	10,062.0	729.4
Sub-total Loans payable (including short-term loans)	8,369.9	7,245.4	12,112.0	878.0
Less : unamortized loans issuance cost, consent solicitation fees and discounts	(80.4)	(55.4)	(52.4)	(3.8)
current maturities (including short-term loans)	(3,943.2)	(3,462.9)	(5,689.7)	(412.4)
Total loans payable : Non-current portion	**4,346.3**	**3,727.1**	**6,369.9**	**461.8**

Indosat Bonds

The specific terms of each of our Fifth Indosat Bonds, Sixth Indosat Bonds, Seventh Indosat Bonds, Eighth Indosat Bonds, Shelf Registration Indosat Bond I Phase I, Shelf Registration Indosat Bond I Phase II and Shelf Registration Indosat Bond I Phase III (the "Indosat Bonds"), are discussed below. The Indosat Bonds are not secured by any specific assets or guaranteed by other parties and rank paripassu with our other unsecured debt. We agreed to certain covenants in connection with the issuance of the Indosat Bonds, including but not limited to agreeing to maintain:

- equity capital of at least Rp5,000.0 billion;
- a ratio of net debt to EBITDA of less than 4.0 to 1.0, as reported in each annual consolidated financial report, except for the Fifth Indosat Bonds and Seventh Indosat Bonds in connection with the issuance of which we agreed to maintain the ratio of total net debt to EBITDA of less than 3.5 to 1.0;
- a debt to equity ratio of 2.5 to 1.0, as reported in each quarterly consolidated financial report and;
- a ratio of EBITDA to interest expense, as reported in each annual consolidated financial report of at least 3.0 to 1.0. On March 24, 2009, we held meetings with holders of our Indonesian rupiah-denominated bonds, including holders of our Indosat Bonds, and obtained consents to amend the definitions of "Debt" and "EBITDA," to include new definitions for "Equity" and "Group" and to change the applicable ratio of Debt to Equity from 1.75 to 1.0 to 2.5 to 1.0 in the trustee agreement governing these bonds, pursuant to the terms of the deed of amendment for the Fifth and Sixth Indosat Bonds.

Fifth Indosat Bonds. On May 29, 2007, we issued our Indosat Bonds V (the "Fifth Indosat Bonds"), in two series with a total face value of Rp2,600.0 billion. The Series A bonds, which have a face value of Rp1,230.0 billion, will mature on May 29, 2014 and the Series B bonds, which have a face value of Rp1,370.0 billion, will mature on May 29, 2017. The Series A bonds bear interest at a fixed rate of 10.20% per annum and the Series B bonds bear interest at a fixed rate of 10.65% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at the market price, either temporarily or for the purpose of early settlement. On May 29, 2014, the Series A Fifth Indosat Bonds were paid in full.

Sixth Indosat Bonds. On April 9, 2008, we issued our Indosat Bonds VI (the "Sixth Indosat Bonds"), in two series with a total face value of Rp1,080.0 billion,. The Series A bonds, which had a face value of Rp760.0 billion, had a maturity date of April 9, 2013 and the Series B bonds, which have a face value of Rp320.0 billion had a mature date April 9, 2015. The Series A bonds bore interest at a fixed rate of 10.25% per annum and the Series B bonds bear fixed interest rate of 10.80% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at market price, either temporarily or for the purpose of early settlement. On April 9, 2013 and April 9, 2015 the Series A and B Sixth Indosat Bonds were paid in full respectively.

Seventh Indosat Bonds. On December 8, 2009, we issued our Indosat Bonds VII (the "Seventh Indosat Bonds"), in two series with a total face value of Rp1,300.0 billion. The Series A bonds, which have a face value of Rp700.0 billion, will mature on December 8, 2014 and the Series B bonds, which have a face value of Rp600.0 billion, will mature on December 8, 2016. The Series A bonds bear interest at a fixed rate of 11.25% per annum and the Series B bonds bear interest at a fixed rate of 11.75% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at market price, either temporarily or for the purpose of early settlement. On December 8, 2014, the Series A Seventh Indosat Bonds were paid in full.

Eighth Indosat Bonds. On June 27, 2012, we issued our Indosat Bonds VIII (the "Eighth Indosat Bonds"), in two series with a total face value of Rp2,700.0 billion. The Series A bonds, which have a face value of Rp1,200.0 billion, will mature on June 27, 2019 and the Series B bonds, which have a face value of Rp1,500.0 billion, will mature on June 27, 2022. The Series A bonds bear interest at a fixed rate of 8.625% per annum and the Series B bonds bear interest at a fixed rate of 8.875% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

Shelf Registration Indosat Bond I Phase I. On December 12, 2014, we issued our Indosat Bonds Shelf Registration I Phase I (the "Shelf Registration Indosat Bond I Phase I"), in four series with a total face value of Rp2,310.0 billion. The Series A bonds, which have a face value of Rp950.0 billion, will mature on December 12, 2017, the Series B bonds, which have a face value of Rp750.0 billion, will mature on December 12, 2019, the Series C bonds, which have a face value of Rp250.0 billion, will mature on December 12, 2021 and, the Series D bonds, which have a face value of Rp360.0 billion, will mature on December 12, 2024. The Series A bonds bear interest at a fixed rate of 10.00% per annum, the Series B bonds bear interest at a fixed rate of 10.30% per annum, the Series C bonds bear interest at a fixed rate of 10.50% per annum and the Series D bonds bear interest at a fixed rate of 10.70% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

Shelf Registration Indosat Bond I Phase II. On June 4, 2015, we issued our Indosat Bonds Shelf Registration I Phase II (the "Shelf Registration Indosat Bond I Phase II"), in five series with a total face value of Rp2,684.0 billion. The Series A bonds, which have a face value of Rp554.0 billion, will mature on June 14, 2016, the Series B bonds, which have a face value of Rp782.0 billion, will mature on June 4, 2018, the Series C bonds, which have a face value of Rp584.0 billion, will mature on June 4, 2020, the Series D bonds, which have a face value of Rp337.0 billion, will mature on June 4, 2022 and, the Series E bonds, which have a face value of Rp427.0 billion, will mature on June 4, 2025. The Series A bonds bear interest at a fixed rate of 8.55% per annum, the Series B bonds bear interest at a fixed rate of 9.25% per annum, the Series C bonds bear interest at a fixed rate of 10.00% per annum, the Series D bonds bear interest at a fixed rate of 10.25% per annum and the Series E bonds bear interest at a fixed rate of 10.40% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

Shelf Registration Indosat Bond I Phase III. On December 8, 2015, we issued our Indosat Bonds Shelf Registration III Phase I (the "Shelf Registration Indosat Bond I Phase III"), in four series with a total face value of Rp794.0 billion. The Series A bonds, which have a face value of Rp201.0 billion, will mature on December 8, 2018, the Series B bonds, which have a face value of Rp301.0 billion, will mature on December 8, 2020, the Series C bonds, which have a face value of Rp130.0 billion, will mature on December 8, 2022 and, the Series D bonds, which have a face value of Rp162.0 billion, will mature on

December 8, 2025. The Series A bonds bear interest at a fixed rate of 10.00% per annum, the Series B bonds bear interest at a fixed rate of 10.25% per annum, the Series C bonds bear interest at a fixed rate of 10.60% per annum and the Series D bonds bear interest at a fixed rate of 11.20% per annum. After the first anniversary of the issuance of the bonds, we have the right to buy back part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

Guaranteed Notes Due 2020

On July 29, 2010 we, through Indosat Palapa Company B.V. ("Indosat Palapa"), issued our Guaranteed Notes due 2020 with a total face value of US$650.0 million ("GN 2020"). The notes were issued at 99.478% of their principal amount and mature on July 29, 2020. The notes bear interest at the fixed rate of 7.375% per annum payable in semi-annual installment due on January 29 and July 29 of each year, commencing January 29, 2011. The notes will be redeemable at the option of Indosat Palapa, in whole or in part, at any time on or after July 29, 2015 at prices equal to 103.6875%, 102.4583%, 101.2292% and 100% of the principal amount during the 12-month period commencing July 29, 2015, 2016, 2017 and 2018 and thereafter, respectively, plus accrued and unpaid interest and additional amounts, if any. In addition, prior to July 29, 2013, Indosat Palapa was entitled to redeem up to a maximum of 35% of the original aggregate principal amount, with the proceeds of one or more public equity offerings of us at a price equal to 107.375% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. The notes are also redeemable at option of Indosat Palapa or us, in whole but not in part, at any time, at a price equal to 100% of principal amount thereof, plus any accrued and unpaid interest to (but not including) the redemption date and any additional amounts, in the event of certain changes effecting withholding taxes in Indonesia and the Netherlands. Upon a change in control of our Company (including sale, transfer, assignment, lease, conveyance or other disposition of all or substantially all of our assets), holders of the notes have the right to require Indosat Palapa to repurchase all or any part of such holders' notes at a purchase price equal to 101% of principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the purchase date.

The net proceeds, after deducting the underwriting fees and offering expenses, were received on July 29, 2010 and used (i) to fund the purchase of the outstanding guaranteed notes due 2010 and guaranteed notes due 2012 and any consent solicitation relating to, or redemption of, such notes and (ii) to refinance part of our other existing indebtedness. The notes are unconditionally and irrevocably guaranteed by our Company.

Based on the notes indenture, we are required to comply with certain conditions, such as maintaining certain financial ratios. On June 5, 2012, Indosat Palapa amended the indenture governing the Guaranteed Notes due 2020 in accordance with the consent solicitation statement and related materials, dated May 21, 2012, upon its receipt and acceptance of the requisite number of consents from holders of record of the notes. On February 7, 2012, Indosat entered into an Asset Purchase Agreement with PT Tower Bersama Infrastructure Tbk and its subsidiary, PT Solusi Menara Indonesia, for the sale and leaseback of 2,500 wireless telecommunications towers. The amendments amended the existing exceptions in the indenture governing the Guaranteed Notes due 2020 with respect to qualified tower sales to permit Indosat to consummate the transactions contemplated by the Asset Purchase Agreement and add additional exceptions for dispositions of active infrastructure assets, such as fiber, transmission equipment and radio access network, to joint venture entities with which the Company may enter into network sharing arrangements, without seeking the consent of holders.

Based on Indosat Palapa's Managing Board meeting held on January 22, 2015, it was resolved that Indosat Palapa would take the opportunity to redeem the notes on July 29, 2015. On July 29, 2015, Indosat Palapa paid a total of US$697,937.5 for early redemption of GN 2020 with a total principal at a price equal to 103.6875% of the principal amount purchased, plus the accrued and unpaid interest up to settlement date.

Syari'ah Ijarah Bonds (Sukuk Ijarah)

The specific terms of each of our Second Syari'ah Ijarah Bonds, Fourth Syari'ah Ijarah Bonds, Fifth Syari'ah Ijarah Bonds, Shelf Registration Indosat Sukuk Ijarah I Phase I, Shelf Registration Indosat Sukuk Ijarah I Phase II and Shelf Registration Indosat Sukuk Ijarah I Phase III (the "Syari'ah Ijarah Bonds"), are discusses below. The Syari'ah Ijarah Bonds are not secured by any specific assets or guaranteed by other parties and rank paripassu with our other unsecured debt.

In connection with the issuance of the Syari'ah Ijarah Bonds, we agreed to maintain certain covenants which are similar to the covenants contained in our Indosat Bonds. In addition, we are also prohibited from performing activities which contravene Syari'ah principles. Aside from these prohibitions, there are no material differences in the covenants between the Syari'ah Ijarah Bonds and the Indosat Bonds. On March 24, 2009, we held meetings with holders of our Indonesian rupiah-denominated bonds, including holders of our Syari'ah Ijarah Bonds, and obtained consents to amend to the definitions of "Debt" and "EBITDA," to add new definitions for "Equity" and "Group" and to change the ratio of Debt to Equity from 1.75 to 1.0 to 2.5 to 1.0 in the trustee agreement governing these bonds, we also agreed to maintain the ratio of EBITDA to interest of less than 3.0 to 1.0.

Second Syari'ah Ijarah Bonds. On May 29, 2007, we issued our Sukuk Ijarah Indosat II (the "Second Syari'ah Ijarah Bonds"), which contain terms customary for Islamic financing facilities, with Bank Rakyat Indonesia acting as trustee. The Second Syari'ah Ijarah Bonds have a total face value of up to Rp400.0 billion and mature in May 29, 2014. Holders of the Second Syari'ah Ijarah Bonds receive an Ijarah installment fee, payable on a quarterly basis. The total Ijarah installment fee to be paid to the holders of the Second Syari'ah Ijarah Bonds is Rp40.8 billion per annum. After the first anniversary of issuance of the Second Syari'ah Ijarah Bonds, we have the right to buyback part or all of such bonds at the then-prevailing market price. On May 26, 2014, these bonds were paid in full.

Fourth Syari'ah Ijarah Bonds. On December 8, 2009, we issued our Sukuk Ijarah Indosat IV (the "Fourth Syari'ah Ijarah Bonds"), which contain terms customary for Islamic financing facilities, with Bank Rakyat Indonesia acting as trustee. The Fourth Syari'ah Ijarah Bonds have a total face value of Rp200.0 billion. The Series A Syari'ah Ijarah Bonds, which have a face value of Rp28.0 billion, will mature on December 8, 2014 and the Series B Syari'ah Ijarah Bonds, which have a face value of Rp172.0 billion, will mature on December 8, 2016. Holders of the Fourth Syari'ah Ijarah Bonds receive an Ijarah installment fee, payable on a quarterly basis. The total Ijarah installment fee expected to be paid to the holders of the Fourth Syari'ah Ijarah Bonds is Rp3.2 billion per annum for the Series A Fourth Syari'ah Ijarah Bonds and Rp20.2 billion per annum for the Series B Fourth Syari'ah Ijarah Bonds. After the first anniversary of the issuance of the Fourth Syari'ah Ijarah Bonds, we have the right to buyback part or all of such bonds at the then-prevailing market price. On December 8, 2014, the Series A Fourth Syari'ah Ijarah Bonds were paid in full.

Fifth Syari'ah Ijarah Bonds. On June 27, 2012, we issued our Sukuk Ijarah Indosat V (the "Fifth Syari'ah Ijarah Bonds"), which contain terms customary for Islamic financing facilities, with Bank Rakyat Indonesia acting as trustee. The Fifth Syari'ah Ijarah Bonds have a total face value of up to Rp300.0 billion and will mature on June 27, 2019. Holders of the Fifth Syari'ah Ijarah Bonds receive an Ijarah installment fee, payable on a quarterly basis. The total Ijarah installment fee expected to be paid to the holders of the Fifth Syari'ah Ijarah Bonds is Rp25.9 billion per annum. After the first anniversary of the issuance of the Fifth Syari'ah Ijarah Bonds, we have the right to buyback part or all of such bonds at the then-prevailing market price.

Shelf Registration Indosat Sukuk Ijarah I Phase I. On December 12, 2014, we issued our Shelf Registration Indosat Sukuk Ijarah I Phase I (the "Shelf Registration Indosat Sukuk Ijarah I Phase I"), in three series with a total face value of Rp190.0 billion. The Series A Sukuk Ijarah bonds, which have a face value of Rp64.0 billion, will mature on December 12, 2017, the Series B Sukuk Ijarah bonds, which have a face value of Rp16.0 billion, will mature on December 12, 2019 and the Series C Sukuk Ijarah bonds, which have a face value of Rp110.0 billion, will mature on December 12, 2021. The total Ijarah installment fee expected to be paid to the holders of the Shelf Registration Indosat Sukuk Ijarah I Phase I is Rp6.4 billion per annum for the Series A, Rp1.6 billion per annum for the Series B and Rp11.6 billion per annum for the Series C. After the first anniversary of the issuance of the bonds, we have the right to buyback part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

Shelf Registration Indosat Sukuk Ijarah I Phase II. On June 4, 2015, we issued our Shelf Registration Indosat Sukuk Ijarah I Phase II (the "Shelf Registration Indosat Sukuk Ijarah I Phase II"), in five series with a total face value of Rp416.0 billion. The Series A Sukuk Ijarah bonds, which have a face value of Rp55.0 billion, will mature on June 14, 2016, the Series B Sukuk Ijarah bonds, which have a face value of Rp76.0 billion, will mature on June 4, 2018, the Series C Sukuk Ijarah bonds, which have a face value of Rp67.0 billion, will mature on June 4, 2020, the Series D Sukuk Ijarah bonds, which have a face value of Rp43.0 billion, will mature on June 4, 2022 and the Series E Sukuk Ijarah bonds, which have a face value of Rp175.0 billion, will mature on June 4, 2025 The total Ijarah installment fee expected to be paid to the holders of the Shelf Registration Indosat Sukuk Ijarah I

Phase II is Rp4.7 billion per annum for the Series A, Rp7.0 billion per annum for the Series B, Rp6.7 billion per annum for the Series C, Rp4.4 billion per annum for the Series D and Rp18.2 billion per annum for the Series E. After the first anniversary of the issuance of the bonds, we have the right to buyback part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

Shelf Registration Indosat Sukuk Ijarah I Phase III. On December 8, 2015, we issued our Shelf Registration Indosat Sukuk Ijarah I Phase III (the "Shelf Registration Indosat Sukuk Ijarah I PhaseII I"), in two series with a total face value of Rp106.0 billion. The Series A Sukuk Ijarah bonds, which have a face value of Rp65.0 billion, will mature on December 8, 2022 and the Series B Sukuk Ijarah bonds, which have a face value of Rp41.0 billion, will mature on December 8, 2025. The total Ijarah installment fee expected to be paid to the holders of the Shelf Registration Indosat Sukuk Ijarah I Phase III is Rp6.9 billion per annum for the Series A and Rp4.6 billion per annum for the Series B. After the first anniversary of the issuance of the bonds, we have the right to buyback part or all of the bonds at market price, either temporarily or for the purpose of early settlement.

BCA Loan Facilities

On February 10, 2011, we entered into a credit agreement with BCA for a revolving credit facility with a maximum principal amount of Rp1,000.0 billion to fund our capital expenditures and general corporate expenditures. This facility has been amended from time to time which lastly amended on August 21, 2015 with maximum principal amount of Rp1,500.0 billion and bear interest rate JIBOR plus 2.50% per annum. On February 4, 2016, the bank sent letter to temporarily extend the maturity date of this facility to April 10, 2016 until the amendment of the facility agreement finalized. On February 16, 2016, the bank agree to decrease the interest rate to JIBOR plus 2.25% effectively on March 18, 2016. Debt issuance under this facility during the year was Rp1,000.0 billion. On March 28, 2016, we entered into an amendment of this facility agreement to provide that the maturity date of loans made under this facility shall be no later than February 10, 2017.

On July 15, 2013, we entered into an amendment to our revolving credit agreement with BCA to obtain a five-year unsecured investment credit facility with a maximum principal amount of Rp1,000.0 billion for capital expenditure, general corporate expenditures and refinancing purposes. This facility is available for six months after the signing date and matures on December 12, 2018. The initial coupon was 8.70% which is subject to review based on current economic conditions. The interest rate under this facility was amended from time to time which lastly amended to 10.0% on May 1, 2015. On December 12, 2013, we made a full drawdown of the facility. The repayment of the loan drawdowns will be made annually, as follows: (i) 10.0% of the total loan drawdowns in the first year after the drawdown date of the agreement, (ii) 10.0% of the total loan drawdowns on the first year after the first repayment date, (iii) 15.0% of the total loan drawdowns on the second and third years after the first repayment date, respectively, and (iv) 50.0% of the total loan drawdowns on the fourth year of the first repayment date.

On August 21, 2015, we entered into an amendment to our revolving credit agreement with BCA to obtain another three-year unsecured revolving credit facility with a maximum principal amount of Rp1,000.0 billion for capital expenditure, general corporate expenditures and refinancing purposes. This facility matures on August 21, 2018. The interest rate for drawdowns is JIBOR plus 2.50% per annum. The interest rate under this facility is subject to review based on current economic conditions which lastly adjusted on February 16, 2016 to JIBOR plus 2.25% per annum effectively on March 18, 2016. Debt issuance under this facility during this year was Rp900.0 billion.

PT Bank Mandiri (Persero) Tbk ("Bank Mandiri") Loan Facilities

On June 21, 2011, we entered into a credit agreement providing for a three-year unsecured revolving credit facility from Bank Mandiri in a maximum principal amount of Rp1,000.0 billion for working capital, capital expenditures and refinancing purposes. On December 5, 2011, we entered into an amendment of the credit agreement with Bank Mandiri to (i) increase the maximum amount available under the loan facility to Rp1,500.0 billion and (ii) change the interest rate for drawdowns to 1-month JIBOR plus 1.25% per annum, from 1-month JIBOR plus 1.40% per annum. The interest rate of this facility is subject to review based on current economic conditions which lastly adjusted to 1-month JIBOR plus 2.0% per annum On January 12. 2014. This facility is available from June 21, 2011 to June 20, 2014. On June 21, 2014, these facilities were paid in full.

On June 18, 2014, we entered into a credit agreement providing for a one-year unsecured revolving credit facility from Bank Mandiri in a maximum principal amount of Rp1,500.0 billion for working capital, capital expenditures and refinancing purposes with interest rate of JIBOR plus 3.0% per annum. The Company has not made any drawdown from this facility and the facility matured on June 18, 2015.

HSBC Satellite Financing and Corporate Facility

On November 27, 2007, we signed two unsecured facility agreements with HSBC France and one unsecured facility agreement with HSBC Jakarta to finance the development of the Palapa-D satellite. These combined export credit and commercial financing facilities consist of the following:

- a 12-year term facility agreement amounting to US$157.2 million ("COFACE Term Facility") to finance the payment of 85.0% of the French Content under the Palapa-D satellite contract, plus 100% of the COFACE Premium, as such terms are defined in the COFACE Term Facility agreement. The COFACE Term Facility bears interest at a fixed rate of 5.69% per annum, which is payable semi-annually. On March 29, 2010, September 29, 2010, March 29, 2011, September 29, 2011, March 29, 2012, September 28, 2012, March 29, 2013, September 30, 2013, March 28, 2014, September 29, 2014 and March 26, 2015, September 29, 2015 and March 29, 2016 we paid the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth semi-annual installments amounting to US$7.9 million each;
- a 12-year term facility agreement amounting to US$44.2 million ("Sinosure Term Facility") to finance the payment of 85.0% of the amounts payable under the Launch Service Contract (as defined in the Sinosure Term Facility agreement) with respect to our Palapa-D satellite. The Sinosure Term Facility bears floating interest rate based on U.S. dollars at LIBOR plus 0.35% per annum, which is payable semi-annually. On March 29, 2010, September 29, 2010, March 29, 2011, September 29, 2011, March 29, 2012, September 28, 2012, March 29, 2013, September 30, 2013, March 28, 2014, September 29, 2014 and March 26, 2015, September 29, 2015 and March 29, 2016 we paid the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth semi-annual installments amounting to US$2.2 million each; and
- a nine-year Commercial Facility Agreement amounting to US$27.0 million ("Commercial Facility") to finance the construction and launch of the Palapa-D satellite and the payment of the premium associated with the medium-long term buyer credit insurance policy issued in connection with the Sinosure Term Facility. The Commercial Facility bears floating interest rate based on U.S. dollars at LIBOR plus 1.45% per annum, which is payable semi-annually. On March 10, 2008, HSBC Jakarta transferred its rights and obligations under the Commercial Facility agreement to PT Bank CIMB Niaga Tbk ("CIMB Niaga") and Bank of China Limited, Jakarta Branch. On November 27, 2009, May 27, 2010, November 29, 2010, May 26, 2011 and November 28, 2011, we paid the first, second, third, fourth and fifth semi-annual installments, respectively, amounting to US$1.4 million each. On May 29, 2012, November 27, 2012, May 27, 2013, November 27, 2013, May 26, 2014, November 26, 2014, May 26, 2015 and November 26, 2015 we paid the sixth, seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth semi-annual installments, respectively, amounting to US$2.0 million each.

The facilities contain certain financial covenants. On March 18, 2009, we entered into agreements with HSBC France and HSBC Jakarta to amend the definitions of "Debt," "EBITDA" and "Equity" and the ratio of Debt to Equity in our COFACE Term Facility, the Sinosure Term Facility and Commercial Facility, as applicable. According to the agreement, we are required to maintain: (i) equity capital in excess of Rp5,000.0 billion, (ii) a debt to equity ratio not to exceed 2.5:1, (iii) an EBITDA to interest ratio not to be less than 2.5:1, and (iv) a Debt to EBITDA ratio not to exceed 3.5:1.

In addition, on March 12, 2015, the Company entered into a 3-year revolving time loan facility agreement with HSBC Jakarta for a maximum amount of US$200.0million for working capital, capital expenditure and general corporate funding purposes. The maximum interest rate is LIBOR + 1.68% per annum. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On April 23, 2015 we made drawdown of US$200.0 million. On June 23, 2015 we repaid the outstanding amounts of Rp60.0 million. On July 23, 2015 we made drawdown of US$60.0 million. On August 24, 2015 and November 23, 2015 we repaid the outstanding amounts of US$150.0 million and US$50 million respectively.

AB Svensk Exportkredit ("SEK") Loan Facility Guaranteed by ExportKreditNamnden ("EKN")

On August 18, 2009, we obtained credit facilities from SEK, guaranteed by EKN, an export credit agency of the Kingdom of Sweden, for the maximum total amount of US$315,000,000 to be used for the purchase of Ericsson telecommunication equipment, with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Hong Kong and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.), Hong Kong Branch as the original lenders and arrangers, while HSBC Bank Plc, London, United Kingdom acted as the facility agent and EKN agent. On September 2, 2009, the original lenders transferred such rights and obligations to SEK, pursuant to the terms of the agreement.

The credit facilities consist of facilities A, B and C with maximum amounts of US$100.0 million, US$155.0 million and US$60.0 million, respectively. Facility A bears interest at LIBOR plus 0.25% per annum, together with SEK funding costs and an EKN premium margin. Facility B and Facility C bear interest at 0.05% per annum plus 2.60% per annum plus the EKN Premium Margin. The repayment of each of facilities A, B and C shall be made in fourteen installments starting six months after May 31, 2009, February 28, 2010 and November 30, 2010, respectively. Based on the agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios, which are substantially the same as the covenants under the ING/DBS Syndicated Loan Facility. In addition, we are required to maintain a minimum consolidated equity of at least Rp5,000.0 billion. As of December 31, 2011, we have drawn US$100.0 million, US$155.0 million and US$60.0 million from facilities A, B and C, respectively.

On November 30, 2009, May 27, 2010, November 30, 2010, May 27, 2011, November 30, 2011, May 30, 2012, November 30, 2012, May 30, 2013, November 29, 2013, May 30, 2014, November 28, 2014, May 29, 2015 and November 30, 2015 we paid the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth semi-annual installments for Facility A amounting to US$7.1 million each. On August 28, 2010, February 28, 2011, August 25, 2011, February 28, 2012, August 28, 2012, February 28, 2013, August 28, 2013, February 28, 2014, August 28, 2014, February 26, 2015, August 28, 2015 and February 29, 2016 we paid the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh and twelfth semi-annual installment for Facility B amounting to US$11.1 million each. On May 27, 2011, November 30, 2011, May 27, 2012, November 30, 2012, May 30, 2013, November 29, 2013, May 30, 2014, November 28, 2014, May 29, 2015 and November 30, 2015 we paid the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth semi-annual installment for Facility C amounting to US$4.3 million each.

Bank Sumitomo Mitsui Indonesia Loan Facilities

On December 26, 2012, we entered into a credit agreement providing for a three-year unsecured revolving credit facility from PT Bank Sumitomo Mitsui Indonesia in a maximum principal amount of Rp650.0 billion for working capital, capital expenditures and refinancing purposes. The interest rate for drawdowns is 1-month or 3-month JIBOR plus 1.25% per annum. This facility was available from December 26, 2012 to December 26, 2015. On December 23, 2015, we repaid an amount of Rp100.0 billion. On December 28, 2015, we entered into an amendment to our credit agreement with Bank Sumitomo Mitsui Indonesia Loan Facilities to (i) decrease the total principal amount available under the revolving credit facility to Rp550.0 billion, (ii) change the interest rate for drawdowns to 1-month or 3-month JIBOR plus 2.50% per annum, from 1-month or 3-month JIBOR plus 1.25% per annum, and (iii) to provide that the maturity date of loans made under the revolving credit facility shall be no later than December 28, 2016. On February 29, 2016, we repaid Rp150.0 billion under this credit facility. On March 31, 2016, we entered into the amendment of Schedule under this facility to decrease the interest rate to be JIBOR plus 2.30% effectively on the signing date. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios.

PT Indonesia Infrastructure Finance and PT Sarana Multi Infrastruktur (Persero) Credit Facilities

On October 18, 2013, we entered into a syndicated credit agreement providing for a three-year unsecured revolving credit facility from PT Indonesia Infrastructure Finance and PT Sarana Multi Infrastruktur (Persero), with PT Bank Permata Tbk serving as the facility agent, in a maximum principal amount of Rp750.0 billion for general purposes. The interest rate for drawdowns is 3-month or 6-month JIBOR plus 2.25% per annum depending on the term of each drawdown. This facility is available from October 18, 2013 to October 18, 2016. Each drawdown under this facility has a term of three or six months, which may be extended a further three or six months upon the submission of a written application for such

an extension by us to PT Indonesia Infrastructure Finance and PT Sarana Multi Infrastruktur (Persero). Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. During the year, debt repayment amounting to Rp750.0 billion and debt issuances amounting to Rp500,0 billion and Rp250.0 billion respectively were executed under this facility.

The Bank of Tokyo-Mitsubishi UFJ, Ltd ("BTMU") Credit Facilities

On December 23, 2013, we entered into a credit agreement providing for a three-year unsecured revolving credit facility from BTMU in a maximum principal amount of Rp250.0 billion for working capital, capital expenditure and general corporate purposes. The maximum interest rate for drawdowns is 6-month JIBOR plus 2.45% per annum. This facility is available from December 23, 2013 to December 23, 2016. Each drawdown under this facility has a term of maximum six months, which may be extended a further six months upon the submission of a written application for such an extension by us to BTMU. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. This facility was fully utilized during the year.

On December 10, 2014, the Company entered into a 2-year revolving time loan facility agreement with BTMU for a maximum amount of US$50,000 for refinancing and general funding purposes. The maximum interest rate is LIBOR + 1.02% per annum. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On Feb 17, 2015 we made drawdown of US$50.0 million.

The Bank Negara Indonesia ("BNI") Credit Facilities

On June 16, 2014, we entered into a credit agreement providing for a one-year unsecured revolving credit facility from BNI in a maximum principal amount of Rp700.0 billion for working capital, capital expenditure and general corporate purposes. The maximum interest rate for drawdowns is 1-month JIBOR plus 2.50% per annum. This facility is available from June 16, 2014 to June 16, 2015. On August 27, 2015, we entered into an amendment to our credit agreement with BNI Loan Facilities to (i) increase the total principal amount available under the revolving credit facility to Rp1,200.0 billion, and (ii) to provide that the maturity date of loans made under the revolving credit facility shall be no later than June 15, 2016. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. During the year, debt repayment under this facility was Rp425.0 billion and debt issuances were Rp425.0 billion and Rp500.0 billion respectively.

PT BNP Paribas Indonesia ("BNPP") Credit Facilities

On October 15, 2014, we entered into a credit agreement providing for a three-year unsecured revolving credit facility from BNPP in a maximum principal amount of Rp350.0 billion for working capital, capital expenditure and general corporate purposes. The maximum interest rate for drawdowns is JIBOR plus 2.50% per annum. This facility is available from October 15, 2014 to October 15, 2017. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On December 15, 2014 we made drawdowns of Rp350.0 billion. During the year, debt repayments under this facility were Rp200.0 billion and Rp150.0 billion respectively and the debt issuance was Rp350.0 billion. On February 24, 2016, the bank agrees to decrease the interest rate to be JIBOR plus 2.25% effectively on March 31, 2016. On February 29, 2016, we repaid Rp150.0 billion under this credit facility.

PT Bank Mizuho Indonesia ("Mizuho") Credit Facilities

On November 21, 2014, we entered into a credit agreement providing for a one-year unsecured revolving credit facility from Mizuho in a maximum principal amount of Rp250.0 billion for working capital, capital expenditure and general corporate purposes. The maximum interest rate for drawdowns is 1-month JIBOR plus 1.50% per annum. This facility is available from November 21, 2014 to November 21, 2015. On October 20, 2015, we entered into an amendment to our credit agreement with Mizuho Loan Facilities to (i) change the interest rate for drawdowns to 1-month JIBOR plus 2.25% per annum, from 1-month JIBOR plus 1.50% per annum, and (iii) to provide that the maturity date of loans made under the revolving credit facility shall be no later than October 21, 2016. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. This facility was fully utilized during the year.

Mizuho Bank, Ltd ("Mizuho London") Credit Facilities

On February 5, 2015, the Company entered into a 2-year revolving time loan facility agreement with Mizuho London for a maximum amount of US$60.0 million for general corporate purposes. The maximum interest rate is LIBOR + 0.90% per annum. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On June 22, 2015 we made drawdown of US$60.0 million. On February 29, 2016 and March 29, 2016 we repaid amounting to US$20.0 million and US$10.0 million respectively.

PT Sarana Multi Infrastruktur ("SMI") Credit Facilities

On December 10, 2014, we entered into a credit agreement providing for a three-year unsecured revolving credit facility from SMI in a maximum principal amount of Rp100.0 billion for capital expenditure. The maximum interest rate for drawdowns is 3-month JIBOR plus 2.45% per annum. This facility is available from December 10, 2014 to December 10, 2017. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. During the year, the debt repayment under this facility on June 23, 2015 amounting to Rp100.0 billion and the issuance on December 10, 2015 amounting to Rp100.0 billion.

The Australia and New Zealand Banking Group, Ltd ("ANZ") Credit Facilities

On May 4, 2015, the Company entered into a 2-year revolving time loan facility agreement with ANZ for a maximum amount of US$100.0 million for general working capital or general corporate purposes and/or any other specific purpose as referred to the agreement. The maximum interest rate is LIBOR + 1.05% per annum. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On July 22, 2015 we made drawdown of US$100.0 million.

Citibank, N.A., Indonesia ("Citibank") Credit Facilities

On February 9, 2015, the Company entered into a 2-year revolving time loan facility agreement with Citibank for a maximum amount of US$40.0million for general corporate purposes and/or refinancing. The maximum interest rate is LIBOR + 0.90% per annum. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On April 23, 2015 we made drawdown of US$40.0 million. On October 23, 2015, January 22, 2016 and February 22, 2016, we repaid amounted to US$10.0 million, US$10.0 million and US$20.0 million respectively.

DBS Bank, Ltd ("DBS") Credit Facilities

On April 22, 2015, the Company entered into a 2-year revolving time loan facility agreement with DBS for a maximum amount of US$50.0million for general corporate purposes. The maximum interest rate is LIBOR + 0.90% per annum. Based on the credit agreement, we are required to comply with certain covenants, such as maintaining certain financial ratios. On May 11, 2015 we made drawdown of US$50.0 million.

Lintasarta

Lintasarta's long-term debt comprises of loans obtained by its subdiaries-PT Artajasa Pembayaran Elektronis ("APE") and PT Lintas Media Danawa ("LMD") from their shareholders.

Loan APE

On November 3, 2014, APE entered into loan agreement with its shareholders, Yayasan Kesejahteraan Karyawan Bank Indonesia ("YKKBI") and PT Multi Visi Komputama ("MK"), in a maximum principal amount of Rp21.0 billion and Rp6.0 billion, respectively for business development, quality service's improvement and adaptation to international standard of payment.The loans bear interest at the annual rate of 10.5% per annum which shall commence after 6 months' grace period. These loans will mature on November 3, 2017. As of December 31, 2014, APE made drawdowns of Rp12.3 billion and Rp3.5 billion from YKKBI and MK, respectively. This loan was fully repaid in 2015.

Loan LMD

On November 13, 2013, LMD entered into loan agreement with its shareholders, PT Medialand International ("MI") and PT Danawa Indonesia ("DI") amounting to Rp0.7 billion and Rp0.4 billion, respectively for working capital. The loans bear interest at the annual rate of 2% per annum which shall commence after 24 months' grace period. These loans matured on April 13, 2018 for MI and August 13, 2018 for DI.

Dividend Practice

Our shareholders determine dividend payouts in the Annual General Meeting of Shareholders pursuant to recommendations from our Board of Directors. At our 2012 and 2013, Annual General Meetings of Shareholders, our shareholders declared final cash dividends amounting to 50.0% of our net income for each of the years ended December 31, 2011 and 2012, respectively. There can be no assurance that we will pay dividends in respect of any financial year. The decision of the Board of Directors to recommend a dividend payment is subject to a number of factors which include, among others, our net profits, financial performance and applicable rules and regulations.

Capital Resources

We believe that our cash flow from operations and drawings from our existing credit facilities, as well as a portion of the cash proceeds from the divestiture of our entire shareholding in PT Tower Bersama Infrastructure Tbk in 2014, will provide sufficient financing for our anticipated capital expenditures, anticipated debt repayment and interest obligations and other operating needs under our current business plan. However, we face liquidity risks if certain events occur, including but not limited to, slower than expected growth in the Indonesian economy, downgrading of our debt ratings or deterioration of our financial performance or financial ratios.

In the event we cannot finance our planned capital expenditures with internally generated cash flows, we may seek external sources of funding. Our ability to raise additional debt financing will be subject to certain covenants in our existing indebtedness. We cannot assure you that we will be able to obtain suitable financing arrangements (including vendor or other third-party financing) for our planned capital expenditures. In the event that we are unable to find such additional external funding sources, we may elect to reduce our planned capital expenditures. Such reduction in planned capital expenditures may have an adverse effect on our operating performance and our financial condition.

Capital Expenditures

Historical Capital Expenditures

From January 1, 2013 through December 31, 2015, we had capital expenditures totaling Rp26,267.2 billion (US$1,904.1 million), which were primarily used to purchase equipment and services from foreign suppliers in connection with the development of our cellular network. We had capital expenditures of Rp10,058.1 billion (US$729.1 million) during the year ended December 31, 2015, with such investment predominantly focused on optimizing and enhancing the capacity and quality of our existing cellular, fixed and MIDI network and telecommunications infrastructure. In 2015, we completed the Java modernization (Jaguar) of our network by implementing U900 technology and LTE in 62 cities.

Capital Expenditures for 2015

Our capital expenditure program currently focuses on optimizing and enhancing the capacity and quality of our existing cellular, fixed and MIDI network and telecommunications infrastructure. For the years ended December 31, 2013, 2014 and 2015, our actual consolidated capital expenditures totaled Rp9,371.0 billion, Rp6,838.1 billion and Rp10,058.1 billion (US$729.1 million), respectively. During 2016, we intend to allocate approximately Rp6,636.0 billion (US$481.0 million) for new capital expenditures. We intend to allocate our capital expenditures for 2016 as follows:

- Cellular network investment: We plan to apply a large majority of our capital expenditures to finance capacity expansion of our cellular network in Java and outside Java.

- Other investment: We plan to invest the remainder of our capital expenditures budget in non-cellular network areas and continue to provide them with voice, long-distance and MIDI services and make improvements to our backbone.

The foregoing amounts represent our budgeted investment plans. Actual expenditures on a cash basis will vary depending on several factors, including the method of financing and timing of completion of delivery of equipment and services purchased. Historically, expenditure on a cash basis trails budgeted expense by approximately at least 20.0% of our budget. As of December 31, 2015, we had commitments for capital expenditures of Rp2,026.9 billion (US$146.9 million), primarily relating to the enhancement and expansion of the capacity and coverage of our cellular network.

The foregoing capital expenditure plan is based on our understanding of current market and regulatory conditions and we may amend our plans in response to changes in such conditions.

Historically, we have funded our capital expenditures through internal resources and cash flow from operations, as well as debt financings through bank loans and the capital markets. We expect to continue to finance our capital expenditures through such sources as well as a portion of cash proceeds from the divestiture of our entire shareholding in PT Tower Bersama Infrastructure Tbk in 2014. In addition, we also applied a portion of the cash proceeds from the Tower Sale Transaction completed in 2012 towards funding capital expenditures in 2013. We face liquidity risk if certain events occur, including but not limited to, slower than expected growth in the Indonesian economy, downgrading of our debt ratings or deterioration of our financial performance or financial ratios. If we cannot raise the amounts needed to support our planned capital expenditures for 2016, we may be unable to improve or expand our cellular telecommunications infrastructure or update our other technology to the extent necessary to remain competitive in the Indonesian telecommunications market, which would affect our financial condition, results of operations and prospects.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with IFAS (Indonesian Financial Accounting Standards). Please see Note 2- Summary of Significant Accounting Policies to the accompanying consolidated financial statements.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates and assumptions on historical experience and other factors that are believed to be reasonable under the circumstances. We continually evaluate such estimates and assumptions. Actual results could differ from those estimates under different assumptions or actual conditions. We believe that, of our significant accounting policies, the following may involve a higher degree of judgment or complexity.

Determination of fair values of financial assets and financial liabilities

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Determination of fair values of financial assets and liabilities are disclosed and further explained in Note 29.

Estimating useful lives of property and equipment and intangible assets

The Group estimates the useful lives of its property and equipment and intangible assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of property and equipment is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amounts and timing of recorded expenses for any period are affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's property and equipment increases the recorded operating expenses and decreases non-current assets. An extension in the estimated useful lives of the Group's property and equipment decreases the recorded operating expenses and increases non-current assets.

Recoverability of deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at the end of each reporting year and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting years. This forecast is based on the Group's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized.

Estimating provision for impairment loss on receivables

The level of a specific provision is evaluated by management on the basis of factors that affect the collectability of the accounts. In these cases, the Group uses judgement based on the best available facts and circumstances, including but not limited to, the length of the Group's relationship with the customers and the customers' credit status based on third-party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce the Group's receivables to amounts that it expects to collect. These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated.

In addition to specific provision against individually significant receivables, the Group also recognizes a collective impairment provision against credit exposure of its debtors which are grouped based on common credit characteristics, and although not specifically identified as requiring a specific provision, have a greater risk of default than when the receivables were originally granted to the debtors.

Any collective provision recognized is based on historical loss experience using various factors such as historical performance of the debtors within the collective group and judgments on the effect of deterioration in the markets in which the debtors operate and identified structural weaknesses or deterioration in the cash flows of debtors.

Estimation of post-employment benefits cost and other long-term employee benefits cost

The cost of the Group's post-employment and other long-term employee benefits and the present value of those obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, ultimate cost trend rate, next year trend rate, period to reach ultimate cost trend rate, salary growth rate and mortality rates. Due to the complexities involved in the valuation and their long-term nature, the obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change are the discount rate and salary growth rate. In determining the appropriate discount rate, management considers the market yields (at the end of the reporting year) on government bonds and extrapolated as needed along the yield curve to correspond with the expected term of the obligation. Salary growth rate is based on expected future inflation, productivity and normal progress of employees within a given group and promotions.

Further details about the assumptions used, including a sensitivity analysis, are presented in Note 30.

Revenue recognition

The Group's revenue recognition policies require making use of estimates and assumptions that may affect the reported amounts of revenues and receivables.

The Company's agreements with domestic and foreign carriers for inbound and outbound traffic subject to settlements require traffic reconciliations before actual settlement is done, which may not be the actual volume of traffic as measured by the Company. Initial recognition of revenues is based on observed traffic adjusted by the normal experience adjustments, which historically are not material to the consolidated statement of profit or loss and comprehensive income. Differences between the amounts initially recognized and the actual settlements are taken up in the accounts upon reconciliation.

However, there is no assurance that the use of such estimates will not result in material adjustments in future years.

The Group recognizes revenues from installation fees and the corresponding costs over the expected average years of customer relationship for MIDI and fixed telecommunications services. The Group estimates the expected average year of customer relationship based on the most recent churn-rate analysis.

Uncertain tax exposure

In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities or recoverable amount of the claim for tax refund due to ongoing investigations by, or discussions with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK 57, "Provisions, Contingent Liabilities and Contingent Assets" and PSAK 46, "Income Taxes". The Group makes an analysis of all uncertain tax positions to determine if a tax liability for uncertain tax benefit or a provision for unrecoverable claim for tax refund should be recognized.

The Group presents interest and penalties for the underpayment of income tax, if any, in Income Tax Expense - Current in profit or loss.

Trend Information

Please refer to the introductory discussion to "Management Discussion and Analysis-Operating Results" for a detailed discussion of significant trends impacting our operating results and financial condition. See also "Risk Factors" for more information regarding why reported financial information may not necessarily be indicative of future operating results.

Off-Balance Sheet Arrangements

As of December 31, 2015, we had no off-balance sheet arrangements that were reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Tabular Disclosure of Contractual Obligations

As of December 31, 2015, we had the following contractual obligations:

	Expected maturity as of 31 December,							
Descriptions	2016	2017	2018	2019	2020 and thereafter	Total contractual cashflows	Interest value & unamortized issuance cost	Carrying amount
Short-term loan	1,538.8	-	-	-	-	1,538.8	(89.8)	1,449.0
Accounts payable-trade	764.2	-	-	-	-	764.2	-	764.2
Procurement payable	6,263.1	-	-	-	-	6,263.1	-	6,263.1
Accrued expenses	1,730.5	-	-	-	-	1,730.5	-	1,730.5
Short-term employee benefit obligations	335.6	-	-	-	-	335.6	-	335.6
Deposits from customers	54.5	-	-	-	-	54.5	-	54.5
Derivative liabilities	290.7	-	-	-	-	290.7	-	290.7
Other current financial liabilities	1.0	-	-	-	-	1.0	-	1.0
Due to related parties	-	25.2	-	-	-	25.2	-	25.2
Other non current financial liabilities	-	0.1	-	-	-	0.1	-	0.1
Obligation under finance lease	928.2	910.9	855.9	803.4	1,970.6	5,469.0	(1,501.9)	3,967.1
Loans payable	4,787.5	4,726.3	1,819.2	288.2	-	11,621.2	(1,010.6)	10,610.6
Bonds payable	2,160.3	3,159.2	1,618.0	2,477.0	5,169.8	14,584.3	(4,149.3)	10,435.0
Sharia bonds	342.9	157.3	159.4	382.9	675.2	1,717.7	(536.3)	1,181.4
Total	**19,197.3**	**8,979.0**	**4,452.5**	**3,951.5**	**7,815.6**	**44,395.9**	**(7,287.9)**	**37,108.0**

Corporate Governance

Chapter 5

Corporate Governance

Good corporate governance (GCG) as a fundamental element in our transformation to becoming a high value, sustainable growth business

Corporate governance at Indosat Ooredoo

Indosat Ooredoo continued its commitment to the implementation of good corporate governance (GCG) as a fundamental element in our transformation to becoming a high value, sustainable growth business. To that end, we have established and implemented a number of corporate guidelines, structure and policies related to the implementation of GCG.

GCG Policy, Guidelines and Structure

As a leading Indonesian public Company that is listed on the Indonesia Stock Exchange (IDX), Indosat Ooredoo not only complies with relevant capital market regulations but strives to emulate best practices developed by other global companies. In addition, all other reporting as required by law of a telecommunications provider such as RFR (Regulatory Financial Report), QoS (Quality of Service), TKDN (Local Content from Local Industry) and LKO (Operational Performance Report) has been carried out in accordance with the designated parameters and time frame.

Indosat Ooredoo's corporate governance framework is based on the Organization for Economic Co-operation and Development (OECD) five principles of corporate governance, namely:

Rights of Shareholders

The corporate governance framework should protect and facilitate the exercise of shareholders' rights.

Equitable Treatment of Shareholders

The corporate governance framework should ensure the equitable treatment of all shareholders, and all shareholders should have the opportunity to obtain effective redress for violation of their rights.

Role of Stakeholders

The corporate governance framework should recognize the rights of and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

Disclosure and Transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation.

Responsibility of the Boards

The corporate governance framework should ensure the strategic guidance of the Company, the effective monitoring of management by the Boards, and the Boards' accountability to the Company and the shareholders.

Self Assessment

Indosat Ooredoo periodically carries out assessment with reference to the ASEAN Corporate Governance (CG) Scorecard, a comprehensive new assessment instrument that has been widely recognized at international and regional level.

The results of the most recent evaluation showed that PT Indosat Tbk scored 70.24, compared to 68.80 in the previous year.This assessment was conducted internally and reviewed by the Indonesian Institute for Corporate Directorship (IICD) based on public information, foremost the 2014 annual report and the Company website.

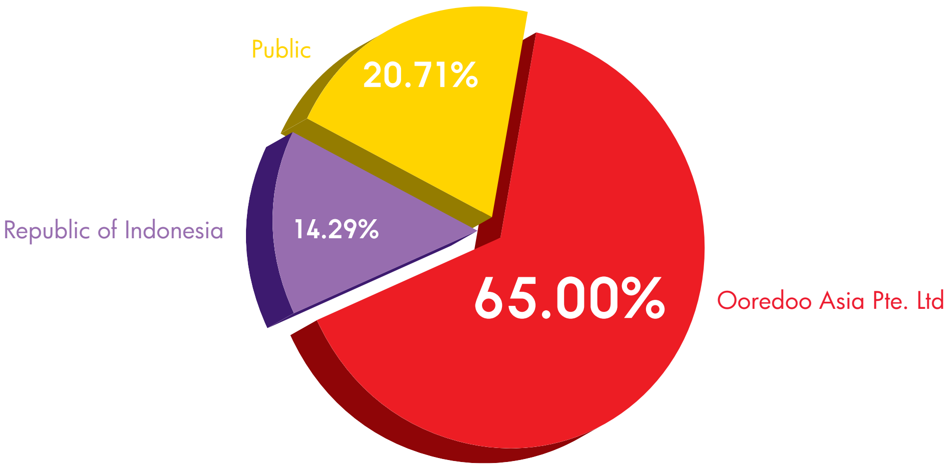
IICD's assessment of CG practices at Indosat Ooredoo is based on the ASEAN CG Scorecard, with the Company's total score and the scores per component as follows:

Asean CG Scorecard Component (Weight)	Component Weight	Indosat Ooredoo Score	Contribution to Total Score
Rights of Shareholders	10%	70.73	7.08
Equitable Treatment of Shareholders	15%	64.71	9.71
Role of Stakeholders	10%	76.19	7.62
Disclosure and Transparency	25%	75.61	18.90
Responsibility of the Boards	40%	24.93	24.93
Bonus/Penalty	0	2 (bonus)	2 (bonus)
Total GCG Practices Score			**70.24**

By comparison, the average ASEAN CG Scorecard for the 100 largest listed companies in Indonesia was only 62.28 in 2015.

Controlling Shareholder

Ooredoo Asia Pte. Ltd was the controlling shareholder as of December 31, 2015 with 65% ownership of all Indosat Ooredoo shares.



General Meeting Of Shareholders

The General Meeting of Shareholders (GMS) is the highest organ of the Company which holds all authority that has not been delegated to the Board of Commissioners or Board of Directors insofar as permitted by law and/or the Articles of Association. The GMS forum is comprised of the Annual GMS (AGMS) and Extraordinary GMS (EGMS).

Results of the January 28, 2015 EGMS

a. To confirm and ratify the resignation of Mr. Rachmad Gobel as a Commissioner of the Company as of 27 October 2014 with appreciation and gratitude, and to release and discharge him from his supervision liabilities that may have incurred between 22 May 2014 and 27 October 2014, to the extent that actions taken during such supervision duties do not conflict with or violate the prevailing laws and regulations.

b. To confirm and ratify the resignation of Mr. Rudiantara as an Independent Commissioner of the Company as of 27 October 2014 with appreciation and gratitude, and to release and discharge him from his supervision liabilities that may have incurred between 22 May 2014 and 27 October 2014, to the extent that actions taken during such supervision duties do not conflict with or violate the prevailing laws and regulations.

c. To confirm and ratify the resignation of Mr. Rionald Silaban as a Commissioner of the Company as of 27 December 2014 with appreciation and gratitude, and to release and discharge him from his supervision liabilities that may have incurred between 22 May 2014 and 27 December 2014, to the extent that actions taken during such supervision duties do not conflict with or violate the prevailing laws and regulations.

d. To approve the resignation of H.E Sheikh Abdulla Mohammed S.A. Al-Thani as a President Commissioner of the Company as of the closing of the EGMS, with appreciation and gratitude, and to release and discharge him from his supervision liabilities that may have incurred between 22 May 2014 and the closing of the EGMS, to the extent that actions taken in conducting such supervision duties do not conflict with or violate the prevailing laws and regulations.

e. To approve the resignation of Mr. Soeprapto as an Independent Commissioner of the Company as of the closing of the EGMS, with appreciation and gratitude, and to release and discharge him from his supervision liabilities that may have incurred between 22 May 2014 and the closing of the EGMS, to the extent that actions taken in conducting such supervision duties do not conflict with or violate the prevailing laws and regulations.

f. To designate Dr. Nasser Mohammed Marafih as President Commissioner of the Company as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

g. To appoint Mr. Ahmed Yousef Ebrahim Al - Derbesti as Commissioner of the Company as of the closing of the Meeting until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

h. To appoint Mr. Khalid Ibrahim A. Al Mahmoud as Commissioner of the Company as of the closing of the Meeting until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

I. To appoint Mr. Astera Primanto Bhakti as Commissioner of the Company as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

j. To designate Mr. Chris Kanter as Commissioner of the Company as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

k. To appoint Mr. Rinaldi Firmansyah as Independent Commissioner of the Company as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

l. To appoint Mr. Wijayanto Samirin as Independent Commissioner of the Company as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).

m. To comply with the requirements of Indonesia Stock Exchange Regulation Number I-A, to designate Mr. Joy Wahjudi, Director of the Company, as Independent Director of the Company to replace the previous Independent Director, Mr Alexander Rusli, as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2015 (in accordance with the Articles of Association of the Company).

n. With due regard to the above resolutions, therefore: The composition of the Board of Commissioners of the Company as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company) shall be as follows:
   - Dr. Nasser Mohammed Marafih, President Commissioner
   - Mr. Ahmed Yousef Ebrahim Al - Derbesti, Commissioner
   - Mr. Khalid Ibrahim A. Al- Mahmoud, Commissioner
   - Mr. Chris Kanter, Commissioner
   - Mr. Astera Primanto Bhakti, Commissioner
   - Mr. Beny Roelyawan, Commissioner
   - Ms. Cynthia Alison Gordon, Commissioner
   - Mr. Richard Farnsworth Seney, Independent Commissioner
   - Mr. Rinaldi Firmansyah, Independent Commissioner
   - Mr. Wijayanto Samirin, Independent Commissioner

And the composition of the Company's Board of Directors as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2015 (in accordance with the Articles of Association of the Company) shall be as follows:
- Mr. Alexander Rusli, President Director
- Mr. Curt Stefan Carlsson, Director
- Mr. Fadzri Sentosa, Director
- Mr. Joy Wahjudi, Director (also assume the role as Independent Director)
- Mr. John Martin Thompson, Director

o. Further, to delegate the authority to the Board of Commissioners in accordance with Article 92 paragraph (5) of the Law No.40 of 2007 on Limited Liability Company, based on the President Director proposal:
   i. to determine the distribution of duties and responsibilities of the members of the Board of Directors (to the extent not determined by the General Meeting of Shareholders),
   and/or
   ii. to change the distribution of duties and responsibilities of the members of the Board of Directors from time to time.

p. To appoint and grant the authority with the right of substitution, to the Board of Directors of the Company to either individually or jointly do any actions related to the resolution of the EGMS, including but not limited to appear before any authority, to discuss, to give and/or ask for information, to submit a notification with regard to the appointment of the Board of Commissioners and Board of Directors of the Company to the Minister of Law and Human Rights of the Republic of Indonesia and any other related authorized institutions, to register the composition of the Board of Commissioners and Board of Directors as approved by the EGMS in the Company Registration in the Ministry of Trade, to make or cause to be made and to sign the deeds and letters or any necessary documents including to make amendments and/or additions which required to obtain the approval from any authority, to appear before the notary, to have the deed restating the Company's EGMS resolutions made, prepared and finalized and moreover to take any necessary actions which should be and or could be made for the purpose of implementing/materializing the resolutions of the EGMS and/or to comply with the prevailing laws and regulations.

Results of the June 10, 2015 AGMS

First Agenda Resolution

a. To approve the annual report of the Company for the financial year ended 31 December 2014;
b. To ratify the financial statements of the Company for the financial year ended 31 December 2014 which have been audited by the Office of Public Accountant Purwantono, Suherman & Surja based on their report No. RPC-7095/PSS/2015, dated March 23rd, 2015; and
c. To approve the full release and discharge of the members of the Board of Commissioners from their supervisory responsibilities and of the members of the Board of Directors from its managerial responsibilities in relation to the Company, to the extent that their actions are reflected in the annual report and financial statements of the Company for the financial year ended 31 December 2014 and such actions do not conflict with or violate the prevailing laws and regulations.

AGMS Second Agenda Resolution

To approve the total remuneration of the Company's Board of Commissioners for the year 2015 amounting to Rp28,347,000,000.

AGMS Third Agenda Resolution

a. To approve the appointment of Public Accounting Firm Tanudiredja, Wibisana, Rintis & Rekan (PwC), as the Company's Independent Auditor to audit the Company's financial statements for the year 2015 as proposed by the Board of Commissioners and the delegation of authority to the Board of Commissioners to determine the terms and conditions of such appointment.

b. To delegate the authority of the General Meeting of Shareholders to the Board of Commissioners to appoint a replacement for the Company's Independent Auditor, including the determination of the terms and conditions of the appointment if the appointed Independent Auditor cannot fulfill or implement its task for any reason whatsoever, based on the prevailing rules and regulation.

AGMS Fourth Agenda Resolution

a. To honourably discharge Mr. Fadzri Sentosa as a Director of the Company in connection with his appointment as Director of Perum BULOG effective as of 16 February 2015 with appreciation and gratitude, and to release and discharge him from his management liabilities that may have incurred between 1 January 2015 and 15 February 2015, to the extent that actions taken in conducting such management duties do not conflict with or violate the prevailing laws and regulations.

b. To approve the resignation of Mr. Rinaldi Firmansyah as Independent Commissioner of the Company, dated 7 May 2015, In connection his appointment as Independent Commissioner of PT Telkom Indonesia (Persero) Tbk, with appreciation and gratitude and to release and discharge him from his supervisory liabilities that may have incurred between 28 January 2015 and 6 May 2015 to the extent that actions taken in conducting such supervisory duties do not conflict with or violate the prevailing laws and regulations.
c. To appoint Mr. Elisa Lumbantoruan as Independent Commissioner of the Company as of the closing of this AGMS until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company).
d. To discharge all members of the Board of Directors of the Company with appreciation and gratitude as at the close of this Meeting, and release and discharge all members of the Board of Directors from their management liability that they may have incurred between 1 January 2015 until the closing of the AGMS to the extent that actions taken in conducting such management duties do not conflict with or violate the prevailing laws and regulations.
e. To appoint the following names as members of the Board of Directors for the period commencing from the closing of this Meeting until 9 July 2015:
   - Mr. Alexander Rusli, President Director
   - Mr. Curt Stefan Carlsson, Director
   - Mr. Joy Wahjudi, Director (also assume the role as Independent Director)
   - Mr. John Martin Thompson, Director
   - Mr. Sarwoto Atmosutarno, Director

f. To appoint the following names as members of the Board of Directors for the period from 10 July 2015 until the closing of the Annual General Meeting of Shareholders in the year 2020 (in accordance with the Articles of Association of the Company):
   - Mr. Alexander Rusli, President Director
   - Mr. Caba Pinter, Director
   - Mr. Joy Wahjudi, Director (also assume the role as Independent Director)
   - Mr. John Martin Thompson, Director
   - Mr. Sarwoto Atmosutarno, Director

g. With due regard to the above resolutions, therefore:

The composition of the Board of Commissioners of the Company as of the closing of this Meeting until the closing of the Annual General Meeting of Shareholders in the year 2016 (in accordance with the Articles of Association of the Company) shall be as follows:
   - Dr. Nasser Mohammed Marafih, President Commissioner
   - Mr. Ahmed Yousef Ebrahim Al - Derbesti, Commissioner
   - Mr. Khalid Ibrahim A. Al Mahmoud, Commissioner
   - Mr. Chris Kanter, Commissioner
   - Mr. Astera Primanto Bhakti, Commissioner
   - Mr. Beny Roelyawan, Commissioner
   - Ms. Cynthia Alison Gordon, Commissioner
   - Mr. Richard Farnsworth Seney, Independent Commissioner
   - Mr. Elisa Lumbantoruan, Independent Commissioner
   - Mr. Wijayanto Samirin, Independent Commissioner

The composition of the Company's Board of Directors as of the closing of this Meeting until 9 July 2015 shall be as follows:
   - Mr. Alexander Rusli, President Director
   - Mr. Curt Stefan Carlsson, Director
   - Mr. Joy Wahjudi, Director (also assume the role as Independent Director)
   - Mr. John Martin Thompson, Director
   - Mr. Sarwoto Atmosutarno, Director

And the composition of the Company's Board of Directors as of 10 July 2015 until the closing of the Annual General Meeting of Shareholders in the year 2020 (in accordance with the Articles of Association of the Company) shall be as follows:

- Mr. Alexander Rusli, President Director
- Mr. Caba Pinter, Director
- Mr. Joy Wahjudi, Director (also assume the role as Independent Director)
- Mr. John Martin Thompson, Director
- Mr. Sarwoto Atmosutarno, Director

Further, to delegate the authority to the Board of Commissioners in accordance with Article 92 paragraph (5) of the Law No 40 of 2007 on Limited Liability Company, based on the President Director's proposal:

(i) to determine the distribution of duties and responsibilities of the members of the Board of Directors (to the extent not determined by the General Meeting of Shareholders), and/or

(ii) to change the distribution of duties and responsibilities of the members of the Board of Directors from time to time.

Results of the June 10, 2015 EGMS

First Agenda Resolution

a. To approve the amendment to the Company's Articles of Association to be adjusted with POJK 32 and POJK 33, the complete and detailed information on the proposed amendments to the Company's Articles of Association which shared to the shareholders before the meeting begun;

b. To restate Articles of Associations of the Company in relation to the amendment to Articles of Association as mentioned in point a; and

c. To appoint and grant the authority with the right of substitution, to the Board of Directors of the Company to either individually or jointly do any actions related to the resolution of the Meeting, including but not limited to submit a notification with regard to the amendment to Articles of Associations to the Minister of Law and Human Rights of the Republic of Indonesia and any other related authorized institutions and to take any necessary actions which should be and or could be made for the purpose of implementing/materializing the resolutions of this Meeting and/or to comply with the prevailing laws and regulations.

Results of the October 7, 2015 EGMS

a. To confirm the honorary discharge of Mr. Sarwoto Atmosutarno as member of the Company's Board of Directors based the Board of Commissioners resolution on 8 July 2015, effective as of 8 July 2015 with appreciation and gratitude, and to release and discharge him from his managerial liabilities that may have incurred between 10 June 2015 and 7 July 2015, to the extent that actions taken during such period do not conflict with or violate the prevailing laws and regulations.

b. To appoint Ms. Herfini Haryono as member of the Company's Board of Directors as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2020 (in accordance with the Articles of Association of the Company).

c. With due regard to the above resolutions, therefore the composition of the Company's Board of Directors as of the closing of the EGMS until the closing of the Annual General Meeting of Shareholders in the year 2020 (in accordance with the Articles of Association of the Company) shall be as follows:

   - Mr. Alexander Rusli, President Director
   - Mr. Caba Pinter, Director
   - Mr. Joy Wahjudi, Director (also assume the role as Independent Director)
   - Mr. John Martin Thompson, Director
   - Ms. Herfini Haryono, Director

d. Further, to delegate the authority to the Board of Commissioners in accordance with Article 92 paragraph (5) of the Law No. 40 of 2007 on Limited Liability Company, based on the President Director proposal:

   (i) to determine the distribution of duties and responsibilities of the members of the Board of Directors (to the extent not determined by the General Meeting of Shareholders), and/or

   (ii) to change the distribution of duties and responsibilities of the members of the Board of Directors from time to time.

e. To appoint and grant the authority with the right of substitution, to the Board of Directors of the Company to either individually or jointly do any actions related to the resolution of the EGMS, including but not limited to appear before any authority, to discuss, to give and/or ask for information, to submit a notification with regard to the appointment of the Board of Commissioners and Board of Directors of the Company to the Minister of Law and Human Rights of the Republic of Indonesia and any other related authorized institutions, to register the composition of the Board of Commissioners and Board of Directors as approved by the EGMS in the Company Registration in the Ministry of Trade, to make or cause to be made and to sign the deeds and letters or any necessary documents including to make amendments and/or additions which required to obtain the approval from any authority, to appear before the notary, to have the deed restating the Company's EGMS resolutions made, prepared and finalized and moreover to take any necessary actions which should be and or could be made for the purpose of implementing/materializing the resolutions of the EGMS and/or to comply with the prevailing laws and regulations.

Board of Commissioners

Duties and Responsibilities

As stipulated in the Articles of Association, the Board of Commissioners supervises and monitors the management of the Company. In carrying out its role and supervision of the aforementioned, the Board of Commissioners represents the Company's best interests and reports to Shareholders at General Meetings.

The Board of Commissioners has carried out the following main activities during the 2015 financial year, as follows:

a. Reviewed and approved the Company's Annual Work Plan and Budget for 2015 proposed by the Board of Directors in accordance with the Company's vision and mission;
b. Monitored and gave advice on the performance of Board of Directors in implementing the approved Annual Work Plan and Budget for 2015;
c. Reviewed and approved the Company's Annual Work Plan and Budget for 2016 proposed by the Board of Directors;
d. Reviewed and approved the debt financing plan of the Company;
e. Reviewed and approved the remuneration of Board of Directors for 2015 based on recommendations by the Nomination and Remuneration Committee;
f. Based on the delegation of authority from the Annual General Meeting of Shareholders for year 2015, approved the appointment of public accountant which audited the Company's financial statements; and
g. Reviewed and approved the financial statements and annual report of the Company for submission to the relevant capital market authorities and stock exchanges based on recommendation from the Audit Committee.

Appointment Process for Members of the Board of Commissioners

The members of the Board of Commissioners are elected and dismissed by shareholders' at a general meeting of shareholders, provided that one member of the Board of Commissioners shall be appointed by the holder of the Series A share.

Composition of the Board of Commissioners

Based on resolutions at the EGMS held on March 15, 2016 and AGMS held on June 10, 2015, which are notarized under Deeds No. 33 and No. 29 of Aryanti Artisari S.H.,M.Kn. on the same dates, the composition of the Company's Board of Commissioners, respectively, is as follows:

	Result of AGMS 10 June 2015	Result of EGMS 15 March 2016
President Commissioner	Dr. Nasser Mohammed Marafih	**Waleed Mohamed Ebrahim Al-Sayed**
Commissioner	Ahmed Yousef Ebrahim M Al–Derbesti	**Hans Anthony Kuropatwa**
Commissioner	Khalid Ibrahim A Al-Mahmoud	**Ajay Bahri**
Commissioner	Richard Farnsworth Seney[1]	**Richard Farnsworth Seney[1]**
Commissioner	Astera Primanto Bhakti	**Astera Primanto Bhakti**
Commissioner	Elisa Lumbantoruan[1]	**Elisa Lumbantoruan[1]**
Commissioner	Chris Kanter	**Chris Kanter**
Commissioner	Cynthia Alison Gordon	**Ian Charles Dench**
Commissioner	Wijayanto Samirin[1]	**Wijayanto Samirin[1]**
Commissioner	Beny Roelyawan	**Beny Roelyawan**

[1] Independent Commissioner

Assessment of the Board of Commissioners

The overall performance of the Board of Commissioners, the performance of the Company and the contribution of each Board member is taken into consideration as part of the assessment process of the Board of Commissioners by the shareholders.

Remuneration

Procedures for Establishment of Remuneration

In accordance with the Articles of Association, members of the Board of Commissioners receive fees for service/honorarium, incentives, insurance, and tantiem including facilities and other allowances including end of service fees that are proposed by the Nomination and Remuneration Committee for approval by the GMS.

The Board of Commissioners Net Annual Remuneration Total Cash 2015

	Total (Rp)
Honorarium	9,267,918,743
Allowance/Committee Fee	3,591,450,697
Initial Service	-
RSUP	4,266,108,800
End of Service	3,209,267,820
Total (Exclude Tax)	**20,334,746,060**
Tax Income	5,748,326,105
Total (Include Tax)	**26,083,072,165**

Meetings of the Board of Commissioners

In 2015 the Board of Commissioners held six (6) meetings with the Board of Directors, in line with its duty to supervise and monitor the management of the Company. The meetings are scheduled before or at the beginning of the year and before each meeting, meeting papers and materials are provided to the Board of Commissioner at least five business days in advance to give time for review. During each meeting, the Board of Commissioners meets separately in a closed session meeting without any member of the Board of Directors.

Agenda of Meetings

1. Confirmation of Minutes
2. Resolutions in Writing
3. Matters Arising from the Previous Meeting
4. Management Report/ Quarterly Business Performance
5. Approval for Material Project
6. Update on Important Initiatives
7. Any Other Business
8. Closing

Meeting Attendance in 2015

Name	No. of BoC Meetings Attended in 2015
Dr. Nasser Mohammed Marafih	6/6
Ahmed Yousef Ebrahim Al-Derbesti	6/6
Khalid Ibrahim A. Al Mahmoud	5/6
Chris Kanter	5/6
Astera Primanto Bhakti	6/6
Beny Roelyawan	6/6
Cynthia Alison Gordon	6/6
Richard Farnsworth Seney	6/6
Rinaldi Firmansyah	2/2
Elisa Lumbantoruan *)	2/3
Wijayanto Samirin	6/6

*) Mr. Elisa Lumbantoruan joined the Board of Commissioners as of June 10, 2015.

Training for the Board of Commissioners

Members of the Board of Commissioners participated in a Conference on Governance, Risk & Compliance for Internal Audit held in Singapore on January 19-20, 2015, as well as Good Corporate Governance training course held by the Academy of Executive Education, LLC (Prof. Nabil N. El-Hage) on January 26, 2016.

Board Charter

In carrying out its duties, the Board of Commissioners makes reference to the Articles of Association, the Indosat Code of Ethics, the Company's corporate values and branding, and a guidance book which lays out Individual Performance & Competency Management (ICPM).

Independent Commissioners

Independent Commissioners are appointed based on various qualifications, including their independence and freedom from any outside influence so as to maintain an objective perspective. Indosat Ooredoo defines 'independence' as being free of subjection, or from the influence of others, and to be exempt from external control or support. All Independent Commissioners of Indosat Ooredoo have signed statements confirming that they meet the criteria for independence.

Board of Commissioners Diversity Policy

Although Indosat has not established a specific Board of Commissioners Diversity Policy, members of the Board of Commissioners are appointed based on merit and ability to contribute based on their working experience and education, without prejudice to age, gender, race or nationality. In practice, the Boards represent a mix of races, ages, gender and nationalities.

Committees Under The Board of Commissioners

To assist in the effective discharge of its duties and responsibilities, the BOC has established a number of committees reporting direct to the BOC. These are the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Budget Committee. Reports of each respective Committee are presented at the end of this section, including the basis and implementation of their duties and responsibilities, composition of members, activities in 2015, number of meetings and meeting attendance.

Independence of the Committee Members

Members of the committee are appointed based on various qualifications, including their independence and freedom from any outside influence so as to maintain an objective perspective. Indosat defines 'independence' as being free of subjection, or from the influence of others, and to be exempt from external control or support.

All of these Comittees include at least one Independent Commissioner as a member, and some also include external parties who do not work at the Company.

Qualifications of the Committee members

The qualifications of members who are Independent Commissioners may be viewed in section labeled 'Profile of the Board of Commissioners'.

The qualifications of other Audit Committee members may be viewed in the section labeled 'Profile of Audit Committee Independent Experts.'

Board of Directors

Duties and Responsibilities

The main duties of the Board of Directors are to lead and manage the Company in the best interest of the Company and in accordance with the objectives of the Company and to continuously try to improve the efficiency and effectiveness, in line with the vision and mission of the Company, and to control, maintain and manage the assets of the Company.

The Board of Directors in undertaking their duties shall obey the provisions in the Company Law, prevailing Capital Market regulations and other regulations in relation to the business activities of the Company.

Appointment Process for Members of the Board of Directors

The members of the Board of Directors are elected and dismissed by shareholders' resolutions at a general meeting of shareholders, provided that one member of the Board of Directors shall be nominated by the holder of the Series A share. Candidates to the Board of Directors are nominated by the Nomination and Remuneration Committee.

Composition of the Board of Directors

Pursuant to the Company's Articles of Association, the Board of Directors shall consist of at least three members, including one President Director.

Changes to the Board of Directors

Based on resolutions at the EGMS held on October 7, 2015 and AGMS held on June 10, 2015 which are notarized under Deeds No. 24 and No. 29 of Aryanti Artisari S.H., M.Kn. on the same dates, the composition of the Company's Board of Directors, respectively, is as follows:

Board of Directors	Result of AGMS 10 June 2015	Result of EGMS 7 October 2015
President Director and Chief Executive Officer	Alexander Rusli	Alexander Rusli
Director and Chief Financial Officer	Curt Stefan Carlsson (i)	Caba Pinter
Director and Chief Sales and Distribution Officer	Joy Wahjudi (Independent Director)	Joy Wahjudi (Independent Director)
Director and Chief Technology Officer	John Martin Thompson	John Martin Thompson
Director and Chief Wholesale and Enterprise Officer	Sarwoto Atmosutarno (ii)	Herfini Haryono

i. Based on the minutes of the AGMS dated June 10, 2015, Mr. Curt Stefan Carlsson was replaced by Mr. Caba Pinter as a Director and Chief Financial Officer, which was effective on July 10, 2015.
ii. On July 8, 2015 the Board of Commisioners released a resolution to temporarily discharge Mr. Sarwoto Atmosutarno as a member of Board of Director until the next AGMS - EGMS.

Assessment of the Board of Directors

Assessment Process

The performance of the Directors is assessed annually based on Individual Performance Management (IPM) established by the Human Capital department with the approval of the Board of Commissioners.

Criteria:

Among others, the Directors were assessed on:

- The overall performance of the Company including corporate governance
- Achievement of the Company's targets in 2015
- Individual Key Performance Indicators, and achievement of their respective roles as follows:

President Director & Chief Executive Officer

Establish the corporate primary goal through determined corporate short and long term strategy. Manage all aspects of the Company to ensure effective and profitable operation which finally should allow sustainable growth for maximum return on invested capital. Lead operating model change and manage internal and external environments.

Director & Chief Financial Officer

Develops and implements the financial strategy for Indosat Ooredoo including the controlling, treasury, accounting and revenue assurance functions. Advises business units and corporate functions with their financial plans and economic modeling. Oversees all fiscal and fiduciary responsibilities for the organization, in conjunction with the board of directors and the relevant committees of the board. Acts as "Custodian of Shareholder Value".

Director & Chief Technology Officer

Ensures technological support for customer facing operations, enabling products to get to market quickly and revenues to be recognized effectively; also ensure effective and efficient day-to-day operations of technological assets. Builds out network coverage to support business growth and operate a competitive and high quality network within agreed opex and capex budget. Ensures that IT supports the whole enterprise to enable efficient and effective day-today operations.

Director & Chief Wholesale and Enterprise Officer

Develops and implements wholesale and infrastructure strategy. Evaluates and assesses options to carve-out and set up new businesses. Develops and manages relations with carriers. Reviews and update Indosat Ooredoo's Corporate Solutions strategy. Prepares and leads the set-up of the Corporate Solutions SBU organization and operating model. Drives sales growth of national corporate segment.

Director & Chief Sales and Distribution Officer

Develops and sustains the 'Consumer Wireless" Strategic Business Unit (SBU) organization. Develops and implements commercial strategy in consumer wireless. Guides the development of "Consumer Broadband" business unit strategy, advises and guides its management. Maximizes total consumer wireless sales and profitability. Develops a differentiated sales and distribution organization.

Assessing Party

Assessment of the Board of Directors is carried out by the Board of Commissioners with the assistance of the Remuneration Committee.

Remuneration

Procedures for Establishment of Remuneration

In accordance with the resolutions of the General Meeting of Shareholders held in March 2004, the authority to establish remuneration for the Board of Director has been given to the Board of Commissioners (BoC). In establishing remuneration of the BoD, the BoC takes into consideration input from the Remuneration Committee, of which one component is the performance of the Company.

The Board of Directors Net Annual Total Cash 2015

	Total (Rp)
Basic Salary	21,292,548,892
Fixed Allowance	8,940,305,529
Initial Service	4,426,593,643
End of Service	2,868,286,236
Short Term Incentive 2014	3,235,420,272
Long Term Incentive / RSUP	-
Other Allowance	762,900,000
Total (Exclude Tax)	**41,526,054,572**
Tax Income	16,052,623,770
Total (Include Tax)	**57,578,678,342**

Meetings and Attendance

The Board of Directors held a total of 21 meetings in 2015 including operational meetings. The Board of Directors also attended meetings with the Board of Commissioners and Committees.

Agenda of Meetings

1. Opening and Adoption of Agenda
2. Matters Arising for Discussion
3. Weekly Business Performance Highlights
4. BOD Priorities Updates
5. Approval for Material Projects
6. Update on Important Initiatives
7. Closing

The attendance of Board of Director meetings during 2015 was as follows:

Name	Title	Attendance/Total Meetings of BOD in 2015
Alexander Rusli	CEO	20/21
Curt Stefan Carlsson **)	CFO	9/11
Caba Pinter ***)		10/10
Fadzri Sentosa *)	CWEO	3/3
Herfini Haryono ****)		4/5
Joy Wahjudi	CSDO	18/21
John Martin Thompson	CTO	18/21

*) Mr. Fadzri Sentosa tendered his resignation as Director & CWEO of the Company on February 16, 2015

**) Mr. Curt Stefan Carlsson, was honorably discharged as a Director of the Company on July 9, 2015.

***) Mr. Caba Pinter, joined the Board of Directors as of July 10, 2015.

****) Ms. Herfini joined the Board of Directors as of October 7, 2015.

Training and Competency Development for the Board of Directors

Ms. Haryono and Mr. Pinter took part in the Leadership Development Program Module 1 training in Doha on October 19-22, 2015; the Leadership Development Program Module 2 training also in Doha on November 30 - December 3, 2015; and the Leadership Development Program Module 3 training in Doha on February 8-10, 2016. In addition, Ms. Haryono also participated in the 6 Thinking Hats Workshop in Jakarta on December 14-15, 2015.

Members of the Board of Directors also attended the GSMA World Congress in Barcelona between March 2-5, 2015.

Supporting Functions

I. Corporate Secretary

The Group Head Investor Relations & Corporate Secretary reports to the Director and Chief Financial Officer. The duties of the position include communicating material information to comply with regulation and ensuring that the Company is always transparent. The Corporate Secretary also plays an active role in various Corporate Actions such as Bonds Issuance, Sukuk Ijarah Issuance, and any merger processes.

Since May 2014, Mr. Harsya Denny Suryo has been the Group Head Investor Relations & Corporate Secretary of PT Indosat Tbk. Mr. Suryo was previously the SVP, Head of Brand, Marketing, & Communications and the Head of Investor Relations for PT Bank CIMB Niaga Tbk since 2006. Prior to this, he was also the VP, Head of Investor Relations & Corporate Secretary for PT Telkom Indonesia, Tbk since 2003. He has been specializing in Investor Relations, Corporate Secretary, and corporate communication since 2000. He holds a Bachelor's degree in International Trade, and Finance from Chaminade University, and a Master of Science in Management degree from Boston University in Brussels, Belgium.

II. Internal Audit

The Internal Audit (IA) Group is established to become professional advisor for Board of Directors and Audit Committee as well as catalyst for all working units and the Company as a whole.

IA Group is responsible to present independent audit results, objective assurance, and provide consulting activity to improve and add value to the operations of the Company. IA Group also assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

In performing its functions, IA Group refers to the following applicable standards and regulations:

- The International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (The IIA);
- Indonesia Financial Services Authority ("OJK") (previously Indonesian Capital Market and Financial Institutions Supervisory Agency ("BAPEPAM-LK") Regulations;
- The Company's prevailing Code of Ethics and Whistleblower Implementation Guides; and
- IA Charter.

IA Charter consists of IA's Vision & Mission, Requirements for IA's Members, IA's Scope of Work, Requirement of Independency & Reporting, Impairment to Independence and Objectivity, IA's Authority and Responsibility, Professional Standard, Working Relationship with Audit Committee and External Auditor, IA's Mechanism, IA's Code of Ethics, Quality Assurance and Improvement Program, and the arrangement of the appointment, replacement or dismissal of the Head of IA. The latest IA Charter was approved by President Director & Chief Executive Officer (PD&CEO) on 18 December 2015.

Reporting Structure

The Head of IA reports audit results and activities functionally to the Board of Commissioners through Audit Committee and functionally as well as administratively (i.e. day-to-day operations) to the President Director & CEO. As of 31 December 2015, the structure of IA Group consisted of 7 (seven) Divisions, as follows:

- Finance & Supply Chain Audit Division
- Commercial Audit Division
- IT Audit Division
- Network Audit Division
- Quality Assurance Audit Division
- Compliance Audit Division
- Technology & Data Analytics Division

Number of Employees & Qualifications

A total of 49 internal audit employees were employed as of December 31, 2015. All IA employees have relevant professional backgrounds or certification and experience in financial, or technology, or operational, or fraud controls.

Activities

During 2015, the IA Group performed 53 audits which consisted of regular audits, special audits, investigation audits and advisory assignments by using Risk-based Audit Methodology and responding to whistleblower reports. The major areas audited during 2015 were Operation (e.g. Distributor and Channel's KPI Setting, Call Centre Service Performance, Commercial Operation at Sales Area, Project Management over Network Rollout (Jaguar and MBS Projects), Project Management over Inventory and Site Management Rollout (RISE Project), Digital Marketing, Sourcing Performance, and Crisis Management Plan); Compliance (e.g. Testing of Internal Control Over Financial Reporting, Anti Money Laundering over Dompetku transaction, and Enterprise Risk Management); as well as Information & Technology (e.g. Mobile Outlet Application, IT Managed Service VAS, Single Point of Failure Controls, Remote Access System Security). Additionally, the IA Group performed 50 monitoring audits to follow up the status of previous audit recommendations and to ensure that agreed action plans have been properly and timely taken by related Business Process Owners and Senior Management.

IA Group with the support of the President Director & CEO, Audit Committee and Senior Management has been continuously enhancing its performance. The IA Group is also evaluating the Risk Management (RM) function to provide assurance that risks are properly evaluated and controls are properly in place to minimize the risks, and evaluate the reporting of key risks and controls implementation.

Head of IA Group

Appointment: The Head of Internal Audit is appointed by the Board of Commissioners on the recommendation of the Audit Committee, which has the responsibility for selecting, appointing, and reviewing candidates for the position of Head of Internal Audit.

Profile

Hanna Sitorus has been the Head of IA Group since January 2010. Ms. Sitorus has more than 16 years of experience with the audit function, including external and internal audits. Ms. Sitorus was previously engaged by worldwide leading Accounting Firm, PricewaterhouseCoopers, located in Indonesia and the United States of America (in the States of Colorado and California). Previously, she also contributed to the Internal Audit function of the Indonesia Stock Exchange (IDX) for almost 2 years. Ms. Sitorus earned a Bachelor in Accounting degree from University of Indonesia and holds an Indonesian Certified Public Accounting (CPA) degree. Currently, she is an active member of Internal Auditor Association (Ikatan Auditor Internal) in Indonesia.

III. External Auditor

Number of years audited

Indosat Ooredoo's annual financial statements have been audited by an external auditor since going public.

Auditor appointment

On 10 June 2015, the Annual General Meeting of Shareholders approved the appointment of KAP Tanudiredja, Wibisana, Rintis & Rekan (a member firm of PricewaterhouseCoopers) as the Company's independent external auditor for the financial year ended 31 December 2015.

Services

In addition to the audit of the annual consolidated financial statements, KAP Tanudiredja, Wibisana, Rintis & Rekan was also engaged to perform the limited reviews of the interim consolidated financial statements for the six-month period ended 30 June 2015 and nine-month period ended 30 September 2015. The interim consolidated financial statements for the three-month period ended 31 March 2015 were reviewed by the predecessor auditors, KAP Purwantono, Suherman & Surja (a member firm of Ernst & Young).

Fees

The total fees approved in relation to the audit, quarterly review and other audit-related services rendered by KAP Tanudiredja, Wibisana, Rintis & Rekan were Rp13,725 million. While the total fees approved in relation to the services rendered by KAP Purwantono, Suherman & Surja in relation to the review of the interim consolidated financial statements for the three-month period ended 31 March 2015 and all other services were Rp2,375 million.

The following table summarizes the fees related to services rendered by the external auditors and their network firms (in Rp million):

	2013	2014	2015
Audit, quarterly review and audit related services	15,145	15,360	16,100
Taxation related services	-	-	345
Other services	-	-	-
Total	**15,145**	**15,360**	**16,445**

IV. Risk Management & Internal Control

1. Risk Management System

The Risk Management & Internal Control over Financial Reporting Group (RM & ICFR Group) is responsible for assessing, analyzing, and mapping out risks posed by our corporate activities. The guidelines and the risk map are intended to direct risk-prone units in implementing risk management in their operations. RM & ICFR Group supports the Board of Directors in communicating risk management-related issues to all business units to ensure a consistent understanding of risk management process throughout the Company and in monitoring risk mitigation on a regular basis.

The Company produces an entity risk profile and conducts a regular assessment. The Board of Directors reports its assessment on risk on a quarterly basis to the Risk Management Committee. Up to December 31, 2015, Indosat Ooredoo has identified several material risks related to strategic, operation and external factors. The risk profile is also used as reference by the Internal Audit Group in planning and conducting internal audit program.

Evaluation of Risk Management System

Group Risk Management & ICFR is responsible for evaluation of the implementation of the risk management by testing and evaluating the implementation of the internal control system in accordance with company policies /applicable regulations. The Group Risk Management & ICFR is in turn reviewed quarterly by the Risk Management Committee.

Risks Faced by the Company

Risks Relating to Indonesia

We are incorporated in Indonesia and substantially all of our operations, assets and customers are located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies which the Government may, or may not, take or adopt may have a material adverse effect on our business, financial condition, results of operations and prospects.

Domestic, regional or global economic changes may adversely affect our business

Beginning in 2008, the global financial crisis which was triggered in part by the subprime mortgage crisis in the United States, caused failures of large U.S. financial institutions and rapidly evolved into a global credit crisis. U.S. bank failures were followed by failures in a number of European banks and declines in various stock indexes, as well as large reductions in the market value of equities and commodities worldwide, including in Indonesia. In addition, since 2010, the European sovereign debt crisis has created concerns about the ability of a number of European countries, including Greece, Ireland, Italy, Portugal and Spain, to continue to service their sovereign debt obligations. These conditions may result in worsening economic conditions in Europe and globally. The world economic downturn has adversely affected the economic performance of Indonesia, resulting in declining economic growth, slowing household consumption and weakening investment due to loss of external demand and increased uncertainty in the world economy. These conditions have had and may continue to have a negative impact on Indonesian businesses and consumers, which may result in reduced demand for telecommunication services.

Volatility of exchange rate will still continue to be one of the risks that might adversely effect our business performance. For the past one year IDR has plunged more than 10% and currently it is hovering around Rp13,400. This situation decelerated both consumer and corporate spending which might hamper our performance and the economic growth of Indonesia. Moreover, worsening IDR/USD exchange also negatively impacted to our profitability as we still have some foreign currency loan outstanding in our book.

A loss of investor confidence in the financial systems of emerging and other markets, or other factors, including the deterioration of the global economic situation, may cause increased volatility in the Indonesian financial markets and a slowdown in economic growth or negative economic growth in Indonesia. Any such increased volatility or slowdown or negative growth could have a material adverse effect on our business, financial condition and results of operations and prospects.

Political and social instability may adversely affect us

Since 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. These events have resulted in political instability as well as general social and civil unrest on certain occasions in the past few years. As a relatively new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, and former President Yudhoyono, as well as in response to specific issues, including the fuel price increase, privatization of state assets, anti-corruption measures, the bailout of PT Bank Century in 2008, decentralization and provincial autonomy and the American-led military campaigns in Afghanistan and Iraq.

In June 2001, demonstrations and strikes affected at least 19 cities after the Government mandated a 30.0% increase in fuel prices. Similar demonstrations in response to the Government's plans to reduce fuel subsidies occurred in 2003, 2005, 2008, 2012 and 2013. Similar demonstrations also occurred in 2014 in response to the Government's reduction and elimination in government fuel subsidies. Although past demonstrations were generally peaceful, some turned violent. We cannot assure you that any future fuel subsidy reductions will not lead to further political and social instability.

Regional political instability and clashes between religious and ethnic groups remain problematic.
In 2004, 2009 and 2014, elections were held in Indonesia to elect the President, Vice-President and representatives in the Parliament. Although the 2004, 2009 and 2014 elections were conducted peacefully, political campaigns in Indonesia may bring a degree of political and social uncertainty to Indonesia. In October 2014, Joko Widodo was sworn in as Indonesia's seventh President. There is

no assurance that new policies or regulations will not be introduced that will affect our business under the new presidency.

Political and related social developments in Indonesia have been unpredictable in the past, and we cannot assure you that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, have a material adverse effect on our business, financial condition, results of operations and prospects.

Indonesia is located in an earthquake zone and is subject to significant geological risks which could lead to social unrest and economic loss

Many parts of Indonesia are vulnerable to natural disasters such as earthquakes, tsunamis, floods, volcanic eruptions as well as droughts, power outages or other events beyond our control.

As a result of these natural disasters, the Government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. We cannot assure you that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. While the Government has implemented various measures to mitigate the losses caused by natural disasters, such as establishing a national board for disaster mitigation and installing tsunami early warning systems, recovery and relief efforts are likely to continue to impose a strain on the Government's finances, and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings including those of our Company, thereby materially and adversely affecting our business.

We cannot assure you that our insurance coverage will be sufficient to protect us from potential losses resulting from such natural disasters and other events beyond ours. In addition, we cannot assure you that the premium payable for these insurance policies upon renewal will not increase substantially, which may materially and adversely affect our financial condition and results of operations. We also cannot assure you that future geological or meteorological occurrences will not have more of an impact on the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Terrorist activities in Indonesia could destabilize the country, thereby adversely affecting our business, financial condition, results of operations and prospects

Several bombing incidents have taken place in Indonesia, most significantly in October 2002 in Bali, a region of Indonesia previously considered safe from the unrest affecting other parts of the country. Other bombing incidents, although on a lesser scale, have also been committed in Indonesia on a number of occasions over the past few years, including at shopping centers and places of worship. In April 2003, a bomb exploded outside the main United Nations building in Jakarta and in front of the domestic terminal at Soekarno-Hatta International Airport. In August 2003, a bomb exploded at the JW Marriott Hotel in Jakarta, and in September 2004, a bomb exploded in front of the Australian embassy in Jakarta. In May 2005, bomb blasts in Central Sulawesi killed at least 21 people and injured at least 60 people. In October 2005, bomb blasts in Bali killed at least 23 people and injured at least 101 others. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization. Demonstrations have taken place in Indonesia in response to plans for and subsequent to U.S., British and Australian military action in Iraq. In January 2007, sectarian terrorists conducted bombings in Poso. In July 2009, bomb blasts in the JW Marriott and Ritz Carlton hotels in Jakarta killed six people and injured at least 50 people.

Recent bombing terror erupted in Jakarta on January 14, 2016 where the sectarian terrorist claimed responsibility for that attack. The militants attacked a police station near affluent business center in a broad daylight followed by suicide bombing which killed and injured several peoples. Further terrorist acts may occur in the future and may be directed at foreigners in Indonesia. Violent acts arising from, and leading to, instability and unrest could destabilize Indonesia and the Government and have had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations may be adversely affected by an outbreak of Severe Acute Respiratory Syndrome ("SARS"), avian influenza, Influenza A (H1N1) virus, Ebola or other epidemics

An outbreak of SARS, avian influenza, Influenza A (H1N1) virus, Ebola or a similar epidemic or the perception that an outbreak of such diseases or a similar epidemic may occur, or the measures taken by the governments of affected countries, including Indonesia, against such an outbreak, could severely disrupt the Indonesian and other economies and undermine investor confidence, thereby materially and adversely affecting our financial condition or results of operations. The perception that an outbreak of SARS, avian influenza, Influenza A (H1N1) virus, Ebola or another contagious disease may occur again may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia.

Labor activism and unrest may adversely affect our business

The liberalization of regulations permitting the formation of labor unions, combined with weak economic conditions, has resulted, and will likely continue to result, in labor unrest and activism in Indonesia. In 2000, the Government issued a labor regulation allowing employees to form unions without employer intervention. In March 2003, the Government enacted a manpower law, Law No. 13 of 2003 (the "Labor Law"), which, among other things, increased the amount of required severance, service and compensation payments to terminated employees, and required employers with 50 or more employees to establish bipartite forums with the participation of employers and employees. To negotiate a collective labor agreement with such a Company, a labor union's membership must consist of more than 50.0% of the Company's employees. In response to a challenge to its validity, the Indonesian Constitutional Court declared the Labor Law to be mostly valid, except for certain provisions relating to, among others, (i) the right of an employer to terminate its employee who committed a serious mistake; (ii) the imprisonment of, or imposition of a monetary penalty on, an employee who instigates or participates in an illegal labor strike or persuades other employees to participate in a labor strike; (iii) the requirement to allow outsourcing or subcontracting arrangements with a temporary employment contract that does not stipulate for the transfer of undertakings protection of employment provision; and (iv) the requirement that a labor union obtain the presentation of at least 50.0% of employees (for a Company that has more than one labor union) to be eligible to conduct negotiations with an employer. The Government proposed to amend the Labor Law in a manner which, in the view of labor activists, would result in reduced pension benefits, the increased use of outsourced employees and prohibitions on unions to conduct strikes. The proposal has been suspended and the new Government regulation addressing lay-offs of workers has not yet become effective.

Although we have maintained good relationship with our employees and our labour union, we cannot assure you that there will not be any strike in the future. Any labor unrest and activism could disrupt our operations and could adversely affect the financial condition of Indonesian companies in general.

Depreciation in the value of the Indonesian rupiah may adversely affect our business, financial condition, results of operations and prospects

One of the most important immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Indonesian rupiah, as measured against other currencies, such as the U.S. dollar. Although the Indonesian rupiah has appreciated considerably from its low point of approximately Rp17,000 per U.S. dollar in 1998, it may experience volatility again in the future. During the period between January 1, 2013 through December 31, 2015, the Indonesian rupiah/U.S. dollar middle exchange rate ranged from a low of Rp14,728 per U.S. dollar to a high of Rp9,634 per U.S. dollar. During the year 2015, the Indonesian rupiah/U.S. dollar middle exchange rate announced by Bank Indonesia ranged from a low of Rp14,728 per U.S. dollar to a high of Rp12,444 per U.S. dollar.

We cannot assure you that future depreciation or volatility of the Indonesian rupiah against other currencies, including the U.S. dollar, will not occur. To the extent the Indonesian rupiah depreciates further from the exchange rate at December 31, 2015, our obligations under our accounts payable, procurements payable and our foreign currency-denominated loans payable and bonds payable would increase in Indonesian rupiah terms. Such depreciation of the Indonesia rupiah would result in additional losses on foreign exchange translation and significantly impact our other income and net income.

In addition, while the Indonesian rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Indonesian rupiah to persons outside of Indonesia who lack a bona fide trade or investment

purpose), from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Indonesian rupiah or by using its foreign currency reserves to purchase Indonesian rupiah. We cannot assure you that the current floating exchange rate policy of Bank Indonesia will not be modified or that the Government will take additional action to stabilize, maintain or increase the value of the Indonesian rupiah, or that any of these actions, if taken, will be successful. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining usage of our subscribers, and as a result, we may also face difficulties in funding our capital expenditures and in implementing our business strategy. Any of the foregoing consequences could have a material adverse effect on our business, financial condition, results of operations and prospects.

Downgrades of credit ratings of the Government or Indonesian companies could adversely affect our business

Beginning in 1997, certain recognized statistical rating organizations, including Moody's, Standard & Poor's, and Fitch, downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. As of March 14, 2016, Indonesia's sovereign foreign currency long-term debt was rated "Baa3" by Moody's, "BB+" by Standard & Poor's, and "BBB-" by Fitch. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

Even though the recent trend in Indonesian sovereign ratings has been positive, we cannot assure you that Moody's, Standard & Poor's, Fitch or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies, including us. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Interest rates on our floating rate Indonesian rupiah-denominated debt would also likely increase. Such events could have material adverse effects on our business, financial condition, results of operations and prospects.

We are incorporated in Indonesia, and it may not be possible for investors to affect service of process, or enforce judgments, on us within other countries, or to enforce judgments of a foreign court against us in Indonesia

We are a limited liability Company incorporated in Indonesia, operating within the framework of Indonesian laws relating to foreign capital invested companies, and all of our significant assets are located in Indonesia. In addition, several of our Commissioners and substantially all of our Directors reside in Indonesia.

We have been advised by our Indonesian legal advisor that judgments of foreign courts, are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. As a result, the claimant would be required to pursue claims against us or such persons in Indonesian courts.

Risks Relating to Our Business

We operate in a legal and regulatory environment that has been undergoing significant reforms. These reforms have been resulting in increased competition, which may result in reduced margins and operating revenues, among other things, all of which may have a material adverse effect on us

The regulatory reform of the Indonesian telecommunications sector, which was initiated by the Government in 1999, resulted in the liberalization of the telecommunications industry, including facilitation of new market entrants and changes to the competitive structure of the telecommunications industry. However, in recent years, the volume and complexity of regulatory changes has created an environment of considerable regulatory uncertainty. In addition, as the reform of the Indonesian telecommunications sector continues, competitors, potentially with greater resources than us, may enter the Indonesian telecommunications sector and compete with us in providing telecommunications services. For example, since January 2007, the Government, through the Ministry of Communication and Information Technology ("MOCIT"), has been responsible for setting reference tariffs for interconnection services. The MOCIT sets interconnection tariffs for dominant service providers on a "cost" basis as calculated by it, based on network and other cost data submitted by the dominant service providers. In contrast, telecommunications operators which are not designated as dominant operators may simply notify the MOCIT regarding

their interconnection terms and conditions, including tariffs, and may implement such terms and conditions or tariffs for its customers without MOCIT approval. The disparity in the treatment of dominant and non-dominant telecommunications operators may create opportunities for new entrants in the telecommunications industry, providing them with increased flexibility to establish lower tariffs and offer lower pricing terms to their customers.

In addition, the tariffs in our interconnection access have been decreasing in the past few years, and we expect this downward trend to continue. Any decrease in the amount of interconnection costs might reduce our revenue and also our costs for inter-operator traffic. On December 12, 2011, the Government, through the Indonesian Telecommunications Regulatory Authority ("ITRA") issued letter No.262/BRTI/XII/2011 under which SMS fees changed from a "sender-keeps all" scheme to a cost-based scheme, effective June 1, 2012. Under the current cost-based scheme, we record revenues from interconnection fees payable by other operators whenever one of our subscribers receives an SMS from a subscriber on another network. If one of our subscribers sends an SMS to a recipient on another network, we record revenues for the SMS charge payable by our subscriber and record expenses for interconnection charges payable to the operator of the other network. We cannot assure you that we will be able to fully recoup all interconnection charges we may be required to pay, and as a result, we could experience a decrease in our operating revenues from cellular services. In the future, the Government may announce or implement other regulatory changes, such as changes in interconnection or tariff policies, which may adversely affect our business or our existing licenses. The government is currently discussing with the stakeholder of the telecommunication industry for new regulations regarding network provisioning, service provisioning, interconnection, retail tariff, competition guidelines, voucher and starter pack distribution and other regulatory measures to cope with latest development of the telecommunication industry. The new regulation came into force in the second quarter of 2015.

We cannot assure you that we will be able to compete successfully with other domestic and foreign telecommunications operators or that regulatory changes, amendments or interpretations of current or future laws and regulations promulgated by the Government will not have a material adverse effect on our business, financial condition, results of operations and prospects.

We operate under an uncertain law enforcement environment, which may affect our business and competitiveness

On January 18, 2012, Mr. Indar Atmanto, the former President Director of IM2, a subsidiary of the Company, was accused of corruption by the Attorney General's Office ("AGO"). According to the AGO, a state loss amounting to Rp1,358.3 billion was caused by an agreement between IM2 and the Company, which relates to the alleged illegal use by IM2 of the Company's 2.1 GHz frequency band. The Ministry of Communication and Information Technology ("MOCIT") issued a letter No. 65/M.KOMINFO/02/2012 on February 24, 2012 stating that there was no breach of law, crime committed, and no state loss resulting from the agreement between the Company and IM2. Moreover the MOCIT has also sent a letter to the AGO directly which states that neither the Company nor its subsidiary, IM2, has violated any regulation and the collaboration between Indosat and IM2 is lawful under the prevailing laws and regulations, and also common practices in the telecommunication industry. In addition, Indonesian Telecom Regulation Authority/Badan Regulasi Telekomunikasi Indonesia ("ITRA") publicly stated that IM2 had not breached any laws or prevailing rules. However, the AGO ignored the letters from the MOCIT and, on November 30, 2012, accused the former President Director of the Company as a suspect, and, on January 3, 2013, also named IM2 and the Company as corporate suspects. On July 8, 2013, the Corruption Court found Mr. Atmanto guilty of corruption and sentenced him to four years imprisonment and a monetary fine of Rp200 million (or an additional three months' imprisonment). Furthermore, the Corruption Court found IM2 liable for restitution for state losses caused by such transaction and imposed a monetary fine of Rp1,358.3 billion. On July 11, 2013, Mr. Atmanto lodged his appeal against the Corruption Court's ruling to the Central Jakarta's High Court. On January 10, 2014, the Central Jakarta's High Court affirmed the Corruption Court's decision and imposed a higher sentence of eight years' imprisonment and a separate monetary fine of Rp200 million (or an additional three months' imprisonment). However, the High Court found that the Corruption Court could not impose a monetary sanction against IM2 which, as a separate legal entity, had not been separately indicted in the AGO's litigation against Mr. Atmanto, and reversed the Corruption Court's decision with respect to IM2. On January 23, 2014, Mr. Atmanto filed a petition for appeal to the Supreme Court and, on February 5, 2014 submitted memoranda of appeal.

On July 10, 2014 Supreme Court that handled Mr. Atmanto's criminal case ("Criminal Case") issued a verdict that sentenced Mr. Atmanto for eight years' imprisonment, monetary fine of Rp300 million and ordered IM2 to pay restitution in the amount of Rp1,358.3 billion. On September 16, 2014, the South Jakarta District Court has enforced the execution against Mr. Atmanto based on the Supreme Court's verdict. Subsequently, on March 16, 2015 Mr. Atmanto has filed the submission of judicial review to Supreme Court. In addition, the Supreme Court that handled Mr. Atmanto's administrative case ("Administrative Case") has conversely affirmed the Jakarta's Administrative Court's verdict stating that the Letter of Deputy Head of Financial and Development Supervisory Agency (BPKP) Investigation Subdivision No. SR-1024/D6/01/2012, dated November 9, 2012 concerning Audit Report of Financial State Loss Calculation on Corruption Allegation in the Utilization of 2.1 GHz (3G) Radio Frequency by PT Indosat Tbk and IM2 along with its attachments made by BPKP team is unlawful and BPKP is instructed to revoke the said letter. Since the Criminal Case verdict and the Administrative Case verdict are contradicted therefore, on March 16, 2015 BPKP filed a Judicial Review on Administrative Case in order to annul the previous Administrative Case Verdict. Due to the BPKP's Judicial Review, on December 16, 2015 we received Supreme Court's verdict on Administrative Case dated October 13, 2015 which stated that the BPKP audit report held by BPKP is valid. On November 4, 2015 based on its official website, Supreme Court, has issued a verdict on Criminal Case that rejected the Judicial Review submitted by Mr. Indar Atmanto. Nonetheless, Indosat is in preparation to file the second judicial review for the Criminal Case despite we haven't received the official verdict (the hard copy) on the Criminal Case from Supreme Court.

There can be no assurance that the AGO or any Government entity will not bring a similar or other lawsuits against IM2, our Company or any of our officers. Furthermore, we cannot assure you that the judicial review submitted by Mr. Atmanto will be decided in his favor. An unfavorable court decision relating to these matters may result in excessive fines to restore alleged state losses. Moreover, we have similar agreements with other internet service providers in Indonesia and there can be no assurance that similar cases will not be filed against us in relation to those agreements. A decision adverse to us in this case or others that may be filed against us in the future could have a material adverse effect on our business, results of operations, financial condition, reputation and competitiveness.

We may be unable to fund the capital expenditures needed for us to remain competitive in the telecommunications industry in Indonesia

The delivery of telecommunications services is capital intensive. In order to be competitive, we must continually expand, modernize and update our telecommunications infrastructure technology, which involves substantial capital investment. For the years ended December 31, 2013, 2014 and 2015, our actual consolidated capital expenditures totaled Rp9,371.0 billion, Rp6,838.1 billion and Rp10,058.1 respectively. During 2016, we intend to allocate approximately Rp6,636.0 billion (US$481.0 million) for new capital expenditures.

Our ability to fund capital expenditures in the future will depend on our future operating performance, which is subject to prevailing economic conditions, levels of interest rates and financial, business and other factors, many of which are beyond our control, and upon our ability to obtain additional external financing. We cannot assure you that additional financing will be available to us on commercially acceptable terms, or at all. In addition, we can only incur additional financing in compliance with the terms of our debt agreements. Accordingly, we cannot assure you that we will have sufficient capital resources to improve or expand our telecommunications infrastructure technology or update our other technology to the extent necessary to remain competitive in the Indonesian telecommunications market. Our failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on interconnection agreements relating to the use of our competitors' cellular and fixed-line telephone networks

We are dependent on interconnection agreements relating to the use of our competitors' cellular and fixed-line telephone networks and associated infrastructure for the successful operation of our business. If any disputes involving such interconnection arrangements arise, whether due to a failure by a counterparty to perform its contractual obligations or for any other reason, the delivery of one or more of our services may be delayed, interrupted or stopped, the quality of our services may be lowered, our subscriber churn rates may increase or our interconnection rates may increase. Any disputes involving our current interconnection agreements, as well as our failure to enter into or renew interconnection agreements, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may become subject to limitations on foreign ownership in the telecommunication services business

Presidential Regulation No. 39 of 2014 ("Presidential Regulation 39/2014") sets out the industries and business fields in which foreign investment is prohibited, restricted or subject to the fulfillment of certain conditions as stipulated by the applicable Governmental authorities (the "Negative List"). The telecommunication industry is one of the industries set out in the Negative List, and foreign investment in the Indonesian telecommunication industry is accordingly subject to applicable restrictions and conditions. The Negative List is implemented by the Capital Investment Coordinating Board (the "BKPM"). Restrictions applicable to the telecommunication industry are dependent upon the type of telecommunication business undertaken. Different limitation thresholds are applicable depending upon whether the business pertains to telecommunication networks or services. The limitation on foreign holdings in companies engaging in the telecommunication network business is in the maximum of 65.0%, and the limitation on foreign shareholdings in Indonesian companies engaged in the provision of telecommunication services (including content services, internet service provider, data communication, etc) is in the maximum of 49.0%. If the companies engage in the telecommunication network business which is integrated with the telecommunication services, the limitation on foreign shareholdings is in the maximum of 65.0%. Pursuant to Article 9 of Presidential Regulation 39/2014, the restrictions set forth therein shall not apply to investments that have been approved prior to the effectiveness of Presidential Regulation 39/2014 pursuant to investment approval issued by the BKPM unless such restrictions are more favorable to the investments. Presidential Regulation 39/2014 does not change the limitation of foreign shareholding in our business.

On June 22, 2008, Ooredoo Q.S.C (previously known as Qatar Telecom (Qtel) Q.S.C.) ("Ooredoo"), through its subsidiary, Qatar South East Asia Holding S.P.C. purchased all of the issued and outstanding shares of capital stock of each of Indonesia Communications Limited ("ICLM"), and Indonesia Communications Pte. Ltd. ("ICLS") from Asia Mobile Holdings Pte. Ltd. ("AMH"), a Company incorporated in Singapore. Following this acquisition, a change of control occurred in our Company, requiring Ooredoo to conduct a mandatory tender offer. In connection with the tender offer, on December 23, 2008, the Capital Market and Financial Institution Supervisory Agency of the Ministry of Finance of the Republic of Indonesia ("Bapepam-LK") issued a letter (i) noting that it had received a letter from the BKPM dated December 19, 2008, pursuant to which the BKPM confirmed that the maximum amount of foreign capital ownership in our Company shall be 65.0%, and that we may still conduct our cellular network operation and local fixed network business and (ii) permitting Ooredoo to conduct the tender offer. Following the issuance of such letter, Ooredoo conducted a mandatory tender offer to acquire up to 1,314,466,775 Series B Shares, representing approximately 24.19% of our total issued and outstanding Series B Shares.

As we are a publicly listed Company, we believe that the Negative List restrictions do not apply to us. Article 5 of the Presidential Regulation 39/2014 stipulates that the provisions of the Negative List do not apply to indirect or portfolio investments conducted through the domestic capital market. To date, to the best of our knowledge, no further clarification has been formally issued by the government specifically to address whether the Negative List applies to us. If the relevant regulatory authorities determine that our foreign ownership still exceeds the Negative List restriction, the regulatory authorities may prohibit us from participating in bidding for or obtaining further licenses or additional spectrum. If this occurs, our business, prospects, financial condition and results of operations would be adversely affected.

A failure in the continuing operations of our network, certain key systems, and gateways to our network or the networks of other network operators could adversely affect our business, financial condition, results of operations and prospects

We depend to a significant degree on the uninterrupted operation of our network to provide our services. For example, we depend on access to the PSTN for termination and origination of cellular telephone calls to and from fixed-line telephones, and a significant portion of our cellular and international long-distance call traffic is routed through the PSTN.

We also depend on certain technologically sophisticated management information systems and other systems, such as our customer billing system, to enable us to conduct our operations.

Our network, including our information systems, information technology and infrastructure and the networks of other operators with whom our subscribers interconnect, are vulnerable to damage or interruptions in operation from a

variety of sources including earthquake, fire, flood, power loss, equipment failure, network software flaws, transmission cable disruption or similar events. For example, our telecommunications control and information technology back-up facilities are highly concentrated within our headquarters and our principal operating and tape back-up storage facilities are located at two sites in Jakarta.

Furthermore, in April 2014, our cellular and fixed internet network experienced total black-out for a period of approximately 15 hours due to a misconfiguration in our IP/MPLS backbone. We had done all the necessary action to close the gap on the security, processes and skills of all related resources to avoid similar thing happen in the future, though no assurance that this kind of incident won't accidentally happen in the future.

Any failure that results in an interruption of our operations or of the provision of any service, whether from operational disruption, natural disaster or otherwise, could damage our ability to attract and retain subscribers, cause significant subscriber dissatisfaction and adversely affect our business, financial condition, results of operations and prospects.

Our failure to react to rapid technological changes could adversely affect our business

The telecommunications industry is characterized by rapid and significant changes in technology. We may face increasing competition due to technologies currently under development or which may be developed in the future. Future development or application of new or alternative technologies, services or standards could require significant changes to our business model, the development of new products, the provision of additional services and substantial new investments by us. For example, the development of fixed-mobile convergence technology and convergence telecommunications, information technology and the media. Technological convergence are growing together, which enables Telecom Providers to deliver blended and personalized services, could adversely affect our business. The telecommunications industry is in the midst of a major transformation. End-user market segments are becoming more diverse in their needs and requirements, resulting in an increased demand for sophisticated. The once-separate worlds of media, entertainment and communications have converged, with discrete, standalone services giving way to an increased demand for blended and personalized services delivered to any device over any network. To address the evolving needs of consumers, we are embarking on comprehensive transformation programs to streamline operations and improve the competitive position. The strategies executed implement architectures that deliver reduced costs through operational efficiency, and revenue growth by creating agility in deploying new products/services is required effort. The other side, IT networking and telecom vendors expand into new markets or offer new technologies, we must constantly evaluate—and re-evaluate—which the best solution and vendors should be partnering with. New products and services may be expensive to develop and may result in the introduction of additional competitors into the marketplace. We cannot accurately predict how emerging and future technological changes will affect our operations or the competitiveness of our services. We cannot assure you that our technologies will not become obsolete, or be subjected to competition from new technologies in the future, or that we will be able to acquire new technologies necessary to compete in changed circumstances on commercially acceptable terms. Our failure to react to rapid technological changes could adversely affect our business, financial condition, results of operations and prospects.

Security breaches on network or information technology could have an adverse effect on our business

Cyber attacks or other security breaches on network or information technology may cause network failures or service disruptions. Such failures or disruptions of support service to subscribers, even for a limited period of time, may result in significant potential revenue loss and/or loss of market share. In particular, both unsuccessful and successful cyber attacks on companies have increased in frequency, scope and potential harm in recent years. The costs associated with a major cyber attack on us could include expenses associated with incentives offered to existing customers and business partners to retain their business, increased expenditures on cyber security measures, lost revenues from business interruption, litigation and damage to our reputation.

Cyber attacks may also result in fraudulent use of our services. Unauthorized users may obtain access to critical systems, financial data, the private data of customers, and services. This risk has increased in recent years as cyber attacks and their perpetrators become more sophisticated. In addition, a high dependency on third parties for system maintenance may also lead to access to critical systems notwithstanding our supervision of the system maintenance. Such fraudulent access to critical revenue generators or billing systems may result in significant revenue losses.

Cyber attacks may exploit system vulnerability that holds sensitive information such as private subscriber data that could be disclosed or published without the prior consent of our subscribers. This occurrence could adversely impact customer and investor confidence in us, expose us to possible liability suits from subscribers, damage our reputation and could result to business loss.

The Government is the majority shareholder of our major competitors, PT Telekomunikasi Indonesia Tbk ("Telkom") and PT Telekomunikasi Selular ("Telkomsel"). The Government may give priority to Telkom's or Telkomsel's businesses over ours

As of December 31, 2015, the Government had a 14.29% equity stake in our Company, including the Series A share, which has special voting rights and veto rights over certain strategic matters under our Articles of Association, including decisions on dissolution, liquidation and bankruptcy, and also permits the Government to nominate one Director to our Board of Directors and one Commissioner to our Board of Commissioners.

As of December 31, 2015, the Government also had a 52.55% equity stake in Telkom, which is our foremost competitor in general telecommunications services. As of the same date, Telkom owned a 65.00% interest in Telkomsel, one of our two main competitors in the provision of cellular services. The percentage of the Government's ownership interest in Telkom is significantly greater than its ownership interest in us. We cannot assure you that significant Government policies and plans will support our business or that the Government will treat us equally with Telkom and Telkomsel when implementing future decisions, or when exercising regulatory power over the Indonesian telecommunications industry. If the Government were to give priority to Telkom's or Telkomsel's business over ours, our business, financial condition, and results of operations and prospects could be materially and adversely affected.

Our controlling shareholders' interests may differ from those of our other shareholders

As of December 31, 2015, Ooredoo Asia Pte.Ltd. (previously known as Qatar Telecom (Qtel Asia) Pte. Ltd. ("Ooredoo Asia")), owned approximately 65.00% of our issued and outstanding share capital. Ooredoo Asia is currently wholly owned and controlled by Ooredoo, which is majority-owned by the State of Qatar and its affiliated entities. Ooredoo Asia and its controlling shareholder have the ability to exercise a controlling influence over our business and may cause us to take actions that are not in, or may conflict with, our or our other shareholders' best interests, including matters relating to our management and policies. Although nominees of Ooredoo Asia hold positions on our Board of Commissioners and Board of Directors, we cannot assure you that our controlling shareholder will elect directors and commissioners or influence our business in a way that benefits our other shareholders.

We rely on key management personnel, and our business may be adversely affected by any inability to recruit, train, retain and motivate our key employees

We believe that our current management team contributes significant experience and expertise to the growth of our business. The continued success and our ability to execute business strategies in the future will depend in large part on the efforts of our key talents. There is a shortage of skilled personnel in the telecommunications industry in Indonesia and both competition and technology landscape change at an exponentially faster face. As a result, competition for specific skill sets becomes intense. More importantly, our new vision to become Indonesia's Leading Digital Telco has forced us to play in different market, demands different skillset. Our inability to recruit, train, retain and motivate key employees could have a material adverse effect on our business, financial condition, results of operations and prospects.

On November 1, 2007, the Business Competition Supervisory Commission/Komisi Pengawas Persaingan Usaha ("KPPU") issued a decision regarding a preliminary investigation involving us and eight other telecommunication companies based on allegations of price-fixing for SMS services and breach of Article 5 of the Anti-monopoly Law. On June 18, 2008, the KPPU determined that Telkom, Telkomsel, XL, Bakrie Telecom, Mobile-8 and Smart Telecom (as of March 2011, Mobile-8 had changed its name to PT Smartfren Telecom Tbk) had jointly breached Article 5 of the Anti-monopoly Law. Mobile-8 appealed this ruling to the Central Jakarta District Court, where Telkomsel, XL, Telkom, Indosat, Hutchison, Bakrie Telecom, Smart Telecom, Natrindo were summoned to appear as co-defendants in the hearing process, while Telkomsel also appealed this ruling to the South Jakarta District Court. On April 15, 2015 Central Jakarta District Court has summoned the parties for the objection filed by Mobile-8. This trial merge the other objections filed by Telkom, XL, Telkomsel, Bakrie Telecom

submitted in each domicile of the Pleader. On May 27, 2015 the Central Jakarta Discrict Court's Judges has issued a verdict which stated that the Pleader has not proven guilty breaching Article 5 of the Anti-monopoly Law. Due to this verdict, the KPPU file a petition for appeal to the Supreme Court. To date, based on Supreme Court's official website, the Judges has granted request the petition for appeal to the Supreme Court in Verdict No.9K/Pdt.Sus-KPPU/2016, dated February 9, 2016 which means the Company unlawfully proved in coducting cartel as alleged, however until now, the Compay hasn't received the official copy of verdict from Supreme Court and has not fully convesant detail of such verdict.

We are exposed to interest rate risk

Our debt includes bank borrowings to finance our operations. Where appropriate, we seek to minimize our interest rate risk exposure by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of certain of our borrowings. However, our hedging policy may not adequately cover our exposure to interest rate fluctuations and this may result in a large interest expense and an adverse effect on our business, financial condition and results of operations.

We are exposed to counter-party risk

We may enter into various transactions from time to time which will expose us to the credit of our counter-parties and their ability to satisfy the terms of contracts with us. For example, we may enter into swap arrangements, which expose us to the risk that counter-parties may default on their obligations to perform under the relevant contract. In the event a counter-party, including a financial institution, is declared bankrupt or becomes insolvent, this may result in delays in obtaining funds or us having to liquidate our position, potentially leading to losses.

We may not be able to successfully manage our foreign currency exchange risk

Changes in exchange rates have affected and may continue to affect our financial condition and results of operations, even though our U.S. dollars-denominated debt obligations are lower than those which are denominated in Indonesian rupiah. Furthermore, majority of our capital expenditures are denominated in U.S. dollars and we may also incur additional long-term indebtedness in currencies other than the Indonesian rupiah, including the U.S. dollar, to finance further capital expenditures. While a portion of our operating revenues are also U.S. dollar-denominated or U.S. dollar-linked, a substantial portion of our revenues are denominated in Indonesian rupiah.

We hedge a portion of our foreign currency exposure principally because our annual U.S. dollar-denominated operating revenues are less than the sum of our U.S. dollar-denominated operating obligations, such as our U.S. dollar-denominated expenses and our U.S. dollar-denominated principal and interest payments. We cannot assure you that we will be able to manage our exchange rate risk successfully in the future or that our business, financial condition or results of operations will not be adversely affected by our exposure to exchange rate risk.

Risks Relating to our Cellular Services Business

Competition from industry incumbents and new market entrants may adversely affect our cellular services business, including the emergence of business presence OTT (Over The Top) in the telecommunications industry

The Indonesian cellular services business is highly competitive. Competition among cellular service providers in Indonesia is based on various factors, including pricing, network quality and coverage, the range of services, features offered and customer service. Our cellular services business competes primarily against Telkomsel and XL. Several other smaller GSM and CDMA operators also provide cellular services in Indonesia, including Hutchison and PT Smartfren Telecom Tbk. In addition to current cellular service providers, the MOCIT may license additional cellular service providers in the future, and such new entrants may compete with us. Moreover, licenses for additional bandwidth may be granted to any existing cellular service providers.

The competitive landscape in the cellular services business may also be affected by industry consolidation. In March 2010, Smart Telecom and Mobile-8 announced that they entered into a strategic alliance, pursuant to which Mobile-8 (now, "Smartfren") acquired a significant number of shares in Smart Telecom and both companies agreed to use the "Smartfren" logo and brand. Other cellular service providers may form strategic alliances or otherwise consolidate in the future. In recent years, the continuing competition from industry incumbents and new market entrants in the cellular services market has led to aggressive pricing campaigns by cellular service providers. The decrease in prices for cellular usage also led to an increase in the number of subscribers and in network traffic, resulting in increased network congestion among operators, which has required us to incur additional capital expenditures to continue to expand our network.

In April 2014, XL completed its merger with PT Axis Telekom Indonesia ("Axis," previously known as Natrindo). The merger provides XL with Axis' frequency spectrum allocation at the 1800 Mhz and 2100 MHz bandwidth and Axis' existing subscribers base and return back 10MHz bandwidth of 2100MHz band frequency to Government of Indonesia. We are currently licensed to use 10 Mhz bandwidth at 2.1 Ghz radio frequency. We cannot predict with accuracy the effect on our business of the frequency spectrum allocation to our competitors.

In addition to traditional competition from other carrier operators, the widespread use of over-the top ("OTT") service providers, such as Skype™, Viber™ and WhatsApp™ could also affect our competitive position, cellular services business and results of operations. As basic services such as voice and messaging are being replaced by the widespread use of OTT, we face risks relating to a phenomenon in which, with unlimited data plans, users are able to download unlimited amounts of data resulting in a low rate of data monetization. Carrier operators are beginning to implement strategies to combat any loss in revenue, such as by replacing unlimited data plans with quota-based pricing or tiered-based content pricing, with special packages to access specific content.

We expect competition in the cellular services business to further intensify. New and existing cellular service providers may offer more attractive product and service packages or new technologies, such as mobile money services, or the convergence of various telecommunication services, resulting in higher churn rates, lower ARPU or a reduction of, or slower growth in, our cellular subscriber base. While we expect mobile money to become an important factor in the growth of cellular services by creating new revenue streams to leverage or maintain ARPU and reduce churn rates, we cannot assure you that our assessments will turn out to be accurate. To provide attractive mobile money services, we will need to collaborate with financial institutions and other distribution channel partnership to provide cash-in and cash-out points, as well as with other industry players for merchant sharing and infrastructure sharing, among others. There is no assurance that we will be able to successfully execute strategies to take advantage of opportunities presented by new technologies or that we will be able to provide equally or more attractive service packages as compared to existing or new competitors.

Since the market is already highly saturated in most areas of existing coverage, cellular service operators are focusing on expanding coverage into rural areas. Although we plan to expand our coverage into rural areas, there can be no assurance that we will be able to set up the infrastructure support needed for such a coverage expansion.

Competition from providers of new technology, together with new entrants, incumbents, almost saturated market and consolidated providers could adversely affect our competitive position, cellular services business, financial condition, results of operations and prospects.

Cellular network congestion and limited spectrum availability could limit our cellular subscriber growth and cause reductions in our cellular service quality

We expect to continue to offer promotional plans to attract subscribers and increase usage of our network by our cellular subscribers. We also expect to continue to promote our data services, including our BlackBerry™and wireless broadband services. As a result, we may experience increased network congestion, which may affect our network performance and damage our reputation with our subscribers. In addition, higher cellular usage in dense urban areas may require us to use radio frequency engineering techniques, including a combination of macro, micro and indoor cellular designs, to maintain cellular network quality despite radio frequency interference and tighter radio frequency re-use patterns. However, if our cellular subscriber base or usage of our voice and data services should grow significantly in high-density areas, we cannot assure you that these efforts will be sufficient to maintain and improve service quality.

Moreover, the recent increase of smartphone applications that rely on data services has resulted in the huge amount of data traffic and cellular network congestion. In order to combat network congestion and improve network quality, we may be required to combine cellular and fixed networks and deploy Wi-Fi hotspots and 3G900. We have also been granted the license to use 900 MHz for 3G services, which we expect will improve and expand our 3G coverage to 3G900. We cannot assure you that these efforts will be sufficient to maintain and improve service quality. To ensure the smooth operation of our upgraded 3G900 network and Wi-Fi access points, we will need to upgrade our backhaul capacity, especially to fiber. "Long Term Evolution" is believed to be a newer technology that can be used to improve network quality, and in 2015 Indosat has successfully launched 4Gplus, a 4G-LTE network with additional services such as digital content packet, free voice, and handset bundling, in 35 cities. The launched of 4Gplus with competitive price will attract people to use more data services, but the fact that we has a very limited coverage even in the big cities will turn in the disappointment of our

cellular subscriber. To support such additional demands on our network, we may be required to make significant capital expenditures to improve our network coverage. Such additional capital expenditures, together with the possible degradation of our cellular services, could adversely affect our competitive position, business, financial condition, results of operations and prospects.

Our operating revenue and ARPU from voice services and fixed wireless services have been decreasing and there is no assurance that we will be successful in extending or launching existing or new products and services to offset such decrease

Our operating revenue and ARPU from voice services have been decreasing mainly due to a competitive market for voice services as well as technological changes, especially new technologies in network, devices and applications that have been causing a shift in the demand for basic services (voice services and SMS) in the telecommunications industry. Although demand for cellular data services has been increasing, margins from cellular data services has been lower compared to margins from the provision of basic services due to a competitive market for cellular data services. As part of our strategy, we intend to introduce and continue to develop cellular data products and services for a deeper and wider market segment and to invest heavily on cellular data services because we believe that cellular data services will be a source of future revenue growth. However, there is no assurance that we will be successful in capturing the growth in cellular data services and maintaining our revenue and profit margins.

Due to competition and the increasing popularity of mobile cellular platforms, our fixed wireless revenues and ARPU have been declining in recent years and we expect that this declining trend will continue. In 2013, we initiated a strategy to migrate from the fixed wireless platform currently utilized on our 800 MHz spectrum allocation to a cellular platform and we have submitted an application with the MOCIT to do so. MOCIT already approved our proposal on September 10, 2014. The entire migration process has been carried out and finished in 2015, with the successful migration of fixed wireless customers to cellular customers and with the overall Indosat CDMA network has been shut down. However, there can be no assurance that this migration will be increase ARPU from cellular services, as competition from other mobile cellular providers is intense.

The Government suspension of content services could adversely affect the revenues from our cellular services business and result in sanctions against us

We have derived significant revenue from content services in previous years. These services include the delivery of music and ringtones, smartphone wallpapers and other graphics, voting in contests and polls and content including horoscopes, Qur'an quotes and news alerts. In 2011, the Indonesian Telecommunications Regulatory Authority ("ITRA") asked telecommunications companies to deactivate content services and give users a notice of the deactivations with the option to resubscribe. These companies were also asked to cease promoting content services, provide summaries of content service charges for users, return amounts charged to user accounts for content services, and report weekly to the ITRA regarding such. On August 6, 2013, the MOCIT promulgated MOCIT Regulation Number 21 of 2013 Regarding The Provision of Content Services on Mobile Cellular Network and Wireless Local Fixed Network with Limited Mobility, with three times amended by MOCIT Regulation No. 10 of 2014, No. 24 of 2014 and No. 6 of 2015 ("MOCIT Regulation 21/2013"), which among others requires network operators such as our Company and content providers to obtain a license from the Director General of Posts and Informatics Management ("DGPIM") to provide content services. Furthermore, pursuant to MOCIT Regulation 21/2013, content providers are required to meet stricter requirements that are more difficult to comply with and shall obtain such principal license at the latest on August 6, 2014. Indosat got the principal licence as Content Provider on June 3, 2014. If the content providers have not obtained such license within the said period, the content providers shall be prohibited from carrying on their business as content providers. The authority to issue license to the content providers lies entirely on the DGPIM. There will be a risk for the Company if the content provider, who is a partner of the Company, fails to obtain the license since the contents distributed to our customers could not be implemented. Accordingly we do not expect revenues from content services to return to levels seen prior to October 2011.

The disruption to our content services due to the ITRA's actions in 2011 resulted in a substantial reduction of our revenues from these services. Similar action by the ITRA or the MOCIT in the future may likewise reduce or restrict the growth of our revenues from these services or other related or new products. Furthermore, MOCIT Regulation 21/2013 is a new regulation and its application is uncertain. The ITRA or the MOCIT may take more aggressive action or a strict interpretation of MOCIT Regulation 21/2013 that may lead to disruptions in the delivery of our products or fines or other administrative sanctions. Any of these factors may materially and adversely affect our results of operations and

financial condition. If any of these risks materialize, it may have a material adverse effect on our business, cash flows, operational results, financial condition and prospects.

Despite expending significant financial resources to increase our cellular subscriber base, the number of our cellular subscribers may increase without a corresponding increase in our operating revenues

We have expended significant financial resources to develop and expand our cellular network and add to our cellular subscriber base. However, the uncertain economic situation in Indonesia and increasing prices of primary goods may decrease our cellular subscribers' purchasing power. Our cellular subscribers increased from approximately 58.5 million as of December 31, 2012 to approximately 59.6 million as of December 31, 2013, to approximately 63.2 million as of December 31, 2014, to approximately 69.7 million as of December 31, 2015. For the years ended December 31, 2012, 2013, 2014 and 2015, our ARPU is Rp27,073, Rp27,515, Rp27,198 and Rp26,045 respectively. While we intend to continue to expend significant financial resources to expand our cellular subscriber base and expand our cellular network to support the requirements of such as expanded cellular subscriber base, we cannot assure you that such expenditures will be accompanied by a corresponding increase in our ARPU or operating revenues. Accordingly, our subscriber acquisition costs and the capital expenditures required to expand our network capacity could increase without a corresponding increase in our revenue or profitability, which would materially and adversely affect our business, financial condition, results of operations and prospects.

We experience a high churn rate

We experience a high churn rate, as is common for Indonesian telecommunication operators providing prepaid cellular services. We believe that our high churn rate is due to the fact that many of our prepaid subscribers own multiple SIM cards from various cellular providers, allowing them to choose the cheapest package available. Our high churn rates may result in loss of revenue, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot assure you that our churn rate will not increase in future years as a result of aggressive promotional programs launched by other operators.

We depend on the availability of telecommunications towers

We are highly dependent on our and others' telecommunications tower infrastructure to provide GSM, fixed wireless access and 3G network and mobile cellular telecommunications services, as we typically install transmitter and transceiver and receiver antennas and other BTS supporting facilities on such towers. The availability and installation of such telecommunication towers require licenses from the relevant regional authorities. A number of regional authorities have implemented regulations which limit the number and location of telecommunication towers and established requirements for operators to share in the utilization of telecommunications towers. In addition, on March 17, 2008, the MOCIT issued a regulation on the sharing of telecommunications towers. Under the regulation, the construction of telecommunications towers requires permits from the relevant governmental institution, while the local government determines the placement and location at which telecommunications towers can be constructed. Moreover, a joint regulation promulgated on March 30, 2009 by the Minister of Home Affairs, the Minister of Public Works, the MOCIT and the Head of the BKPM requires a tower construction permit for every tower built and used for telecommunications services, which would demonstrate compliance with certain technical specifications. If a tower owner fails to obtain such a permit, the appropriate regional authorities will be entitled to impose penalties on the tower owner. Moreover, a telecommunications provider which owns telecommunication towers or tower owner is obligated to allow other telecommunication operators to utilize its telecommunication towers (other than the towers used for its main network), without any discrimination.

Such regulatory requirements may require us to adjust our telecommunications tower construction and leasing plans, relocate our existing telecommunications towers, allow other operators access to our telecommunications towers and perform other measures which may result in the increase of telecommunications tower construction costs, delays in the construction process and potential service disruption for our subscribers. If we cannot fulfill the regulatory requirements for telecommunications towers or meet our own network capacity needs for telecommunications towers, we may face difficulties in developing and providing cellular GSM, fixed wireless access and 3G telecommunications services. Our dependency on our own or others' telecommunications tower infrastructure, combined with the burden of installing our telecommunications towers in certain instances, may also adversely affect our competitive advantage relative to other operators. Any of these events could result in a material adverse effect on our network capacity, the performance and quality of our networks and services, our reputation, business, results of operations and prospects.

Our ability to maintain and expand our cellular network or conduct our business may be affected by disruptions of supplies and services from our principal suppliers

We rely upon a few principal vendors to supply a substantial portion of the equipment we require to maintain and expand our cellular network, including our microwave backbone, and upon other vendors in relation to other supplies necessary to conduct our business. We depend on equipment and other supplies and services from such vendors to maintain and replace key components of our cellular network and to operate our business. If we are unable to obtain adequate supplies or services in a timely manner or on commercially acceptable terms, or if there are significant increases in the cost of such supplies or services, our ability to maintain and to expand our cellular network and our business, financial condition, results of operations and prospects may be adversely affected.

We depend on our licenses to provide cellular services, and our licenses could be cancelled if we fail to comply with their terms and conditions

We rely on licenses issued by the MOCIT for the provision of our cellular services as well as for the utilization of our allocated spectrum frequencies. The MOCIT, with due regard to prevailing laws and regulations, may amend the terms of our licenses at its discretion. Any breach of the terms and conditions of our licenses or failure to comply with applicable regulations could result in our licenses being cancelled. Any revocation or unfavorable amendment of the terms of our licenses, or any failure to renew them on comparable terms, could have a material adverse effect on our business, financial condition, results of operations and prospects.

A significant increase in frequency fees could adversely affect our business, financial condition and results of operations

Starting on December 15, 2010, the government changed the basis of computing frequency fees to a new formula based on the bandwidth of allocated spectrum occupied by operators. Previously, we were required to pay frequency fees for 800 MHz, 900 MHz and 1800 MHz bands based on the number of radio stations. In 2012, 2013, 2014 and 2015, we paid frequency fees amounting to Rp2.1 trillion, Rp2.5 trillion, Rp2.9 trillion and Rp3.2 trillion, respectively. As one of the largest holders of spectrum in Indonesia, we expect to continue to pay a large amount of frequency fees going forward. Future increases in frequency fees are expected to mainly be based on increases in the consumer price index and the population of Indonesia. As a result, changes in macroeconomic conditions in Indonesia could result in increases in frequency fees which, if significant, could adversely affect our business, financial condition and results of operations.

Allegations of health risks from the electromagnetic fields generated by BTSs and cellular handsets, and the lawsuits and publicity relating to them, regardless of merit, could adversely affect our operations

There has been public speculation about possible health risks to individuals from exposure to electromagnetic fields from BTSs and from the use of cellular handsets. We cannot assure you that future studies of these health risks will not suggest a link between electromagnetic fields and adverse health effects which may subject us to legal action from individuals alleging personal injuries or otherwise adversely affect our business.

Risks Relating to Our Fixed Data ("MIDI") Services Business

Our MIDI services are facing increasing competition, and we may experience declining margins from such services as such competition intensifies

Our MIDI services are facing increased competition from new and established operators, which may have wider customer bases and greater financial resources than us, such as Telkom, with its regional and international reach and developed domestic infrastructure. In addition, operators such as XL, PT First Media Tbk ("First Media"), PT Indonesia Comnet Plus ("Icon+") and PT NAP Info Lintas Nusa ("Matrix Cable System"), some of which have alliances with foreign telecommunications operators, compete with us in this business segment.

Our satellite business also faces increasing competition as new and more powerful satellites are launched by our competitors and as companies acquire exclusive licenses to provide broadcast services in Indonesia. Our Palapa-C2 and Palapa-D satellite transponder capacity agreements generally involve terms of between one and five years, and we estimate the remaining useful life of such satellites to be approximately one and six years, respectively. As additional satellites become operational and our transponder leases expire or are terminated and price competition intensifies,

our transponder lessees may utilize other satellites, thereby adversely affecting our operating margins and operating revenues from such services.

Our satellites have limited operational life and may be damaged or destroyed during in-orbit operation. The loss or reduced performance of our satellites, whether caused by equipment failure or its license being revoked, may adversely affect our financial condition, results of operations and ability to provide certain services

Our Palapa-C2 and Palapa-D satellites have a limited operational life, currently estimated to end in August. Currently Palapa C-2 is still in operation with the remaining fuel and will be released out of orbit after appears indicator and April 2020, respectively. A number of factors affect the operational lives of satellites, including the quality of their construction, the durability of their systems, subsystems and component parts, on-board fuel reserves, accuracy of their launch into orbit, exposure to micrometeorite storms, or other natural events in space, collision with orbital debris, or the manner in which the satellite is monitored and operated.

We currently use satellite transponder capacity on our satellites in connection with many aspects of our business, including direct leasing of such capacity and routing for our international long-distance and cellular services. We note, that based on the factors identified above, our Palapa-D satellite could fail prior to 2020, and in-orbit repairs would not be feasible with the exception of repairs that may be addressed through ground-based software or operational fixes. Moreover, International Telecommunication Union regulations specify that a designated satellite slot has been allocated for Indonesia, and the Government has the right to determine which party is licensed to use such slot. While we currently hold a license to use the designated satellite slot, in the event our Palapa-D satellite experience technical problems or failure, the Government may determine that we have failed to optimize the existing slot under our license, which may result in the Government withdrawing our license and granting it to one of our competitors. We cannot assure you that we will be able to maintain use of the designated satellite orbital slot in a manner deemed satisfactory by the Government. On March 26, 2014, the MOCIT declared that it will not extend our license to utilize the 150.5E.L. satellite orbital slot and that such utilization expired already as of September 1, 2015. Subsequent to the government decision, we move our Palapa-C2 satellite from 150.5EL to 146EL and manage it jointly with PT. Pasific Satelit Nusantara ("PSN") We maintain in-orbit insurance on our Palapa-D satellite on terms and conditions consistent with industry practice. As of December 31, 2015, we had an insurance policy with a total coverage limit of IDR 810.4 billion for total loss of our Palapa-D satellite. If damage or failure renders our satellites unfit for use, we may elect to cease our satellite operations or lease transponder capacity from a third-party provider rather than acquiring a new satellite. The termination of our satellite business could increase operating expenses associated with our provision of other telecommunications services and could adversely affect our business, financial condition and results of operations.

Risks Relating to Our Fixed Telecommunications Services Business

The entry of additional Indonesian telecommunications operators as providers of international long-distance services could adversely affect our fixed telecommunications services operating margins, market share and results of operations Telkom, a well-established Indonesian telecommunications incumbent with significant political and financial resources, obtained a license to provide international long-distance services and launched its commercial service in 2004. As a result of Telkom's entry into the international long-distance market, we lost market share and experienced other adverse effects relating to our fixed telecommunications services business. By the end of 2006, Telkom had acquired significant market share for International Direct Dialing ("IDD") services. In addition, in 2009, the Government issued Bakrie Telecom an international long-distance license in an effort to encourage greater competition in the international long-distance services market. The operations of incumbents and the entrance of new operators into the international long-distance market, including the VoIP services provided by such operators, continue to pose a significant competitive threat to us. We cannot assure you that such adverse effects will not continue or that such increased competition will not continue to erode our market share or adversely affect our fixed telecommunications services operating margins and results of operations.

We face risks related to the opening of new long distance access codes

In an attempt to liberalize Domestic Long-Distance ("DLD") services, the Government has issued regulations requiring each provider of DLD services to implement a three-digit access code to be dialed by customers making DLD calls. In 2005, the MOCIT announced that three-digit access codes for DLD calls will be implemented gradually within five years and that it would assign us the "011" DLD access code for five major cities, including Jakarta, and allow us to progressively extend it to all other area codes within five years. Telkom was assigned "017" as its DLD access code. In December 2007, the Government issued new regulations opening DLD access codes in the first city in Balikpapan in April 2008. Following the implementation, Balikpapan residents are able to choose from options "0," "011" or "017" in connecting their long distance calls.

In April 2008, we and Telkom agreed to open DLD access from our respective subscribers in Balikpapan. Whether the opening of the DLD access code will be implemented in other cities will be based on a study by the ITRA.

The implementation of any new DLD access codes can potentially increase competition by offering our subscribers more options for DLD services. In addition, the opening of new DLD access codes is expected to result in increased competition and less cooperation among industry incumbents, which may result in reduced margins and operating revenue, among other things, all of which may have a material adverse effect on us. We cannot assure you that our access codes will remain intact or be successful in increasing our revenues from DLD services.

2. Internal Control

Financial and Operational Control

The RM & ICFR Group is also responsible for assisting the President Director & CEO and Director & CFO in managing the Company's Internal Control over Financial Reporting. It develops and documents the identification of the Risk of Misstatement of Financial Reports, measurement and control assessment. It coordinates with business units and the Internal Audit Group in related exercises. RM & ICFR Group coordinates with the business units in remediation of identified deficiencies.

Adherence to The Committee of Sponsoring organizations of the Treadway Commission

(COSO) Framework

Indosat Ooredoo's control system makes reference to the elements of the framework designed by Committee of Sponsoring Organizations of the Treadway Commission (COSO), namely the Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring, which are implemented as needed according to the guidance of the Board of Commissioners Directors and Audit Committee.

Evaluation of Internal Control System

Group Risk Management & ICFR is responsible for evaluation of the implementation of the Internal Control System by testing and evaluating the implementation of the internal control system in the implementation of GCG in accordance with company policies / applicable regulations. The Group Risk Management & ICFR is in turn reviewed quarterly by the Risk Management Committee.

Legal Proceedings

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business. We are not currently involved in, and have not recently been involved in, any legal or arbitration proceedings that we believe would be likely to have a material effect on our financial condition or results of operations other than as disclosed in this annual report.

On May 5, 2004, we received the Supreme Court's verdict No. 1610K/PDT/2003 in favor of Primer Koperasi Pegawai Kantor Menteri Negara Kebudayaan dan Pariwisata (known as Primkopparseni), regarding a disputed foreign currency exchange transaction. The court's judgment required us to pay Rp13.7 billion plus 6.0% interest per annum from February 16, 1998 until the final settlement date and on December 22, 2004, we satisfied the judgment through payment of Rp19.3 billion to the Central Jakarta District Court. Furthermore, in January 2005, we filed a motion for reconsideration against the Supreme Court's verdict. As of December 31, 2015, the Supreme Court has not issued a verdict for the reconsideration.

On November 1, 2007, the Business Competition Supervisory Commission/Komisi Pengawas Persaingan Usaha ("KPPU") issued a decision regarding a preliminary investigation involving us and eight other telecommunication companies based on allegations of price-fixing for SMS services and breach of Article 5 of the Anti-monopoly Law. On June 18, 2008, the KPPU determined that Telkom, Telkomsel, XL, Bakrie Telecom, Mobile-8 and Smart Telecom (as of March 2011, Mobile-8 had changed its name to PT Smartfren Telecom Tbk) had jointly breached Article 5 of the Anti-monopoly Law. Mobile-8 appealed this ruling to the Central Jakarta District Court, where Telkomsel, XL, Telkom, Indosat, Hutchison, Bakrie Telecom, Smart Telecom, Natrindo were summoned to appear as co-defendants in the hearing process, while Telkomsel also appealed this ruling to the South Jakarta District Court. On April 15, 2015 Central Jakarta District Court has summoned the parties for the objection filed by Mobile-8. This trial merge the other objections filed by Telkom, XL, Telkomsel, Bakrie Telecom submitted in each domicile of the Pleader. On May 27, 2015 the Central Jakarta Disctrict Court's Judges has issued a verdict which stated that the Pleader has not proven guilty breaching Article 5 of the Anti-monopoly Law. Due to this verdict, the KPPU file a petition for appeal to the Supreme Court. To date, based on Supreme Court's official website, the Judges has granted request the petition for appeal to the Supreme Court in Verdict No.9K/Pdt.Sus-KPPU/2016, dated February 9, 2016 which means the Company unlawfully proved in coducting cartel as alleged, however until now, the Compay hasn't received the official copy of verdict from Supreme Court and has not fully convesant detail of such verdict.

On January 18, 2012, Mr. Indar Atmanto, the former President Director of IM2, a subsidiary of the Company, was accused of corruption by the Attorney General's Office ("AGO"). According to the AGO, a state loss amounting to Rp1,358.3 billion was caused by an agreement between IM2 and the Company, which relates to the alleged illegal use by IM2 of the Company's 2.1 GHz frequency band. The Ministry of Communication and Information Technology ("MOCIT") issued a letter No. 65/M.KOMINFO/02/2012 on February 24, 2012 stating that there was no breach of law, crime committed, and no state loss resulting from the agreement between the Company and IM2. Moreover the MOCIT has also sent a letter to the AGO directly which states that neither the Company nor its subsidiary, IM2, has violated any regulation and the collaboration between Indosat and IM2 is lawful under the prevailing laws and regulations, and also common practices in the telecommunication industry. In addition, Indonesian Telecom Regulation Authority/Badan Regulasi Telekomunikasi Indonesia ("ITRA") publicly stated that IM2 had not breached any laws or prevailing rules. However, the AGO ignored the letters from the MOCIT and, on November 30, 2012, accused the former President Director of the Company as a suspect, and, on January 3, 2013, also named IM2 and the Company as corporate suspects. On July 8, 2013, the Corruption Court found Mr. Atmanto guilty of corruption and sentenced him to four years imprisonment and a monetary fine of Rp200 million (or an additional three months' imprisonment). Furthermore, the Corruption Court found IM2 liable for restitution for state losses caused by such transaction and imposed a monetary fine of Rp1,358.3 billion. On July 11, 2013, Mr. Atmanto lodged his appeal against the Corruption Court's ruling to the Central Jakarta's High Court. On January 10, 2014, the Central Jakarta's High Court affirmed the Corruption Court's decision and imposed a higher sentence of eight years' imprisonment and a separate monetary fine of Rp200 million (or an additional three months' imprisonment). However, the High Court found that the Corruption Court could not impose a monetary

sanction against IM2 which, as a separate legal entity, had not been separately indicted in the AGO's litigation against Mr. Atmanto, and reversed the Corruption Court's decision with respect to IM2. On January 23, 2014, Mr. Atmanto filed a petition for appeal to the Supreme Court and, on February 5, 2014 submitted memoranda of appeal.

On July 10, 2014 Supreme Court that handled Mr. Atmanto's criminal case ("Criminal Case") issued a verdict that sentenced Mr. Atmanto for eight years' imprisonment, monetary fine of Rp300 million and ordered IM2 to pay restitution in the amount of Rp1,358.3 billion. On September 16, 2014, the South Jakarta District Court has enforced the execution against Mr. Atmanto based on the Supreme Court's verdict. Subsequently, on March 16, 2015 Mr. Atmanto has filed the submission of judicial review to Supreme Court. In addition, the Supreme Court that handled Mr. Atmanto's administrative case ("Administrative Case") has conversely affirmed the Jakarta's Administrative Court's verdict stating that the Letter of Deputy Head of Financial and Development Supervisory Agency (BPKP) Investigation Subdivision No. SR-1024/D6/01/2012, dated November 9, 2012 concerning Audit Report of Financial State Loss Calculation on Corruption Allegation in the Utilization of 2.1 GHz (3G) Radio Frequency by PT Indosat Tbk and IM2 along with its attachments made by BPKP team is unlawful and BPKP is instructed to revoke the said letter. Since the Criminal Case verdict and the Administrative Case verdict are contradicted therefore, on March 16, 2015 BPKP filed a Judicial Review on Administrative Case in order to annul the previous Administrative Case Verdict. Due to the BPKP's Judicial Review, on December 16, 2015 we received Supreme Court's verdict on Administrative Case dated October 13, 2015 which stated that the BPKP audit report held by BPKP is valid. On November 4, 2015 based on its official website, Supreme Court, has issued a verdict on Criminal Case that rejected the Judicial Review submitted by Mr. Indar Atmanto.. Nonetheless, Indosat is in preparation to file the second judicial review for the Criminal Case despite we haven't received the official verdict (the hard copy) on the Criminal Case from Supreme Court.

On December 24, 2008, we received the DGT's Decision Letter which increased the overpayment amount by Rp84,650 million in the assessment letter on tax overpayment (SKPLB) Corporate Income Tax for fiscal year 2004, which amount was lower by Rp41,753 million than the amount stated in an earlier Decision Letter received on July 4, 2008. On January 21, 2009, we filed suit objecting to the discrepancy in the amount of tax overpayment during fiscal year 2004. On February 2, 2009, the Company received the tax refund from the Tax Office of Rp84,650 million. With respect thereto, on December 4, 2009, the Tax Court revoked the DGT's Decision Letter dated December 24, 2008 above. On March 17, 2010, the DGT issued a decision favorable to the Company, informing that the tax overpayment for fiscal year 2004 should be Rp126,403 million instead of Rp84,650 million, which would entitle the Company to get a refund of the difference, amounting to Rp41,753 million. The Company subsequently received the payment of such tax refund amounting to Rp41,753 million from DGT on April 13, 2010. On March 5, 2012, the Company received a Tax Court's verdict accepting the Company's request for interest compensation related to the issuance of an assessment letter of tax overpayment (SKPLB) for fiscal year 2004 amounting to Rp60,674 million. Based on the Company's evaluation, the realization of income related with the interest compensation was only probable, instead of virtually certain. Therefore, the interest compensation was not recognized in the Company's 2012 financial statements. On June 29, 2012, the Company received a copy of a memorandum for reconsideration request from the Tax Court to the Supreme Court on the Tax Court's Verdict dated March 5, 2012 related to the interest compensation above. On July 27, 2012, the Company submitted a counter-memorandum for reconsideration request to the Supreme Court. As of April 06, 2016, the Company has not received any verdict from the Supreme Court with respect to such request.

On September 7, 2009, the Company received the DGT's Decision Letter which declined the Company's objection to the remaining corrections of the 2006 Corporate Income Tax. On December 2, 2009, the Company submitted an appeal letter to the Tax Court regarding the remaining corrections of the Company's 2006 Corporate Income Tax. On April 26, 2011, the Company received the Tax Court's Verdict which accepted the Company's appeal on the remaining correction of the 2006 corporate income tax. On June 21, 2011, the Company received a tax refund amounting to Rp82,626 million. On August 22, 2011, the Company received a copy of a memorandum for reconsideration request from the Tax Court to the Supreme Court on the Tax Court's Verdict dated April 26, 2011

for the 2006 corporate income tax. On September 21, 2011, the Company submitted a counter-memorandum for reconsideration request to the Supreme Court. On December 9, 2015, the Company received a copy of Reconsideration Case Verdict (*Putusan Perkara Peninjauan Kembali*) from the Supreme Court that declined the Request for Reconsideration from the DGT and won the Company's appeal.

On October 29, 2010, the Company received the Tax Court's Verdict which accepted the Company's appeal in August 2008 to the correction of the 2005 corporate income tax amounting to Rp38,155 million, which was offset against the underpayment of the Company's 2008 and 2009 income tax article 26 based on STPs received by the Company on September 17, 2010. On February 24, 2011, we received a copy of a memorandum for reconsideration request from the Tax Court to the Supreme Court on the Tax Court's Verdict dated October 29, 2010, regarding our 2005 corporate income tax. On March 25, 2011, the Company submitted a counter memorandum for reconsideration request to the Supreme Court. On February 17, 2016 the Company received a copy of Reconsideration Case Verdict (Putusan Perkara Peninjauan Kembali) from the Supreme Court dated 27 February 2014 that declined the Request for Reconsideration from the DGT and won the Company's appeal.

On April 21, 2011, the Company received assessment letters on tax underpayment (SKPKB) from the DGT for the Company's VAT for the period from January to December 2009, totaling Rp182,800 million (including penalties), which was paid on July 15, 2011. The Company accepted a part of the corrections amounting to Rp4,160 million, which was charged to 2011 operations, which left a balance of Rp178,640 million which the Company is objecting. On July 19, 2011, the Company submitted objection letters to the Tax Office regarding the remaining correction on the Company's VAT for such period. On June 4, 2012, the Company received the DGT's decision letters that declined the Company's objections and, based on its audit, the DGT charged the Company for additional underpayment for the period of January, March, April, June, August to December 2009 totaling Rp57,166 million and overpayment for the period of February, May and July 2009 totaling Rp4,027 million. On July 4, 2012, the Company paid the additional underpayment amounting to Rp57,166 million. On August 24, 2012 and August 31, 2012, the Company received the refund of the overpayments amounting to Rp3,839 million and Rp188 million, respectively. On September 3, 2012, the Company submitted appeal letters to the Tax Court regarding the remaining correction on the Company's VAT for the period January to December 2009 totaling Rp231,779 million (comprised of the initial claim of Rp178,640 million and assessed VAT underpayment of Rp57,166 million net of refunded VAT overpayment of Rp4,027 million). On February 12, 19 and 20, 2014, the Company received the Tax Court's Verdicts which accepted the Company's appeal, however it also charged for a separate VAT underpayment totaling Rp180,930 million, which left a balance of Rp50,848 million for which the Company is eligible for refund. During April 15 to 23, 2014, the Company received the remaining tax refund. On October 28, 2014 and January 5, 2015, the Company received a copy of a memorandum for reconsideration request (*Memori Permohonan Peninjauan Kembali*) from the Tax Court to the Supreme Court on the Tax Court's verdict dated October 16, 2014 and December 19, 2014 for the underpayment of the Company's VAT for the period of January to March, June and September 2009. On November 21, 2014 and January 30, 2015, the Company submitted a counter-memorandum for reconsideration request to the Supreme Court for the Company's VAT for the period of January to March, June and September 2009. As of April 06, 2016, the Company has not received any verdict from the Supreme Court via Tax Court on memorandum for reconsideration request.

On April 21, 2011, the Company also received an assessment letter on tax overpayment (SKPLB) from the DGT for the Company's 2009 corporate income tax amounting to Rp29,272 million, which amount is lower than the amount recognized by the Company in its financial statements of Rp95,677 million, which left a balance of Rp66,405 million. The Company accepted a part of the corrections amounting to Rp836 million, which was charged to 2011 operations. On May 31, 2011, the Company received a tax refund of Rp23,695 million, net off the amount of the VAT correction for the period from January to December 2009 that the Company accepted. On July 20, 2011, the Company submitted an objection letter to the Tax Office regarding the remaining correction on the Company's 2009 corporate income tax. On June 29, 2012, the Company received the DGT's Decision Letter which declined the Company's objection. On September 21, 2012, the Company submitted an appeal letter to the Tax Court concerning the Company's

objection to the correction on corporate income tax for fiscal year 2009. On November 10, 2015 the Company received a verdict from the Tax Court dated 27 October 2015 that won the Company's appeal. Meanwhile, on January 25 2016, DGT submit Judicial Review to the Supreme Court and on March 21, 2016 the Company has made rebuttal (Contra Memorandum) on it. As of April 06, 2016 the Company has not received any verdict from the Supreme Court with respect to such request.

On July 3, 2012, the Company also received an assessment letter of tax overpayment (SKPLB) from the DGT for the Company's VAT for the period March 2010 amounting to Rp28,545 million, which amount is lower than the amount claimed by the Company in its income tax returns of Rp37,153 million, and an assessment letter of tax underpayment (SKPKB) for the Company's VAT for the period January, February and April to December 2010 totaling Rp98,011 million (including penalties). On August 2, 2012, the Company paid the underpayment amounting to Rp98,011 million. On August 24, 2012, the Company received the overpayment amounting to Rp28,545 million from DGT. On October 1 and 2, 2012, the Company submitted objection letters to the Tax Office regarding an assessment letter of tax overpayment (SKPLB) and an assessment letter of tax underpayment (SKPKB) on the Company's VAT for the period January to December 2010 totaling Rp106,619 million. As of April 06, 2016 the Company has not received any information whether or not DGT filed the Judicial Review against tax court verdict.

On September 17 and 26, 2013, the Company received the DGT's decision letter that declined the Company's objection and the DGT charged the additional tax underpayment for the period from January to December 2010 totaling Rp93,167 million, which was paid on October 16, 2013 and October 25, 2013. On December 10, 2013, the Company submitted an appeal letter to the Tax Court with respect to the correction of the Company's VAT for the period from January to December 2010 totaling Rp199,786 million. On April 2, 2015, the Company has received the Tax Court's verdict which partially accepted the Company's appeal for period from January to June 2010, however it also charged the Company for a separate VAT underpayment totaling to Rp45,681 million, which left a balance of Rp73,666 million for which the Company is eligible for refund. on April 30, 2015, the Company received the Tax Court's Verdict for the VAT periods July – September 2010, dated April 16, 2015 and on May 5, 2015, the Company received the Tax Court's Verdict for the VAT periods October – December 2010, dated April 16, 2015 which accepted the Company's appeals. However, the Tax Court charged separate VAT underpayment totaling Rp96,709 million for the period January - December 2010. The Company accepted the correction made by the Tax Court and charged it to the 2015 operations. As Of February 18, 2016, During May 7 – June 12, 2015, the Company had received the refund amounting to Rp103,07 million. As of April 06, 2016, the Company has not received the Judicial Review letters that filed by DGT to Supreme Court.

On June 26, 2013, the Company received an assessment letter of tax overpayment (SKPLB) from the DGT for the Company's 2011 Corporate Income Tax amounting to Rp97,600 million, which was received on August 14, 2013. Based on this an assessment letter of tax overpayment (SKPLB), the Tax Office made two corrections totaling Rp409,921 million, which decreased the Company's tax loss carried forward as of December 31, 2011. On September 23, 2013, the Company submitted an objection letter to the Tax Office regarding these two corrections totaling Rp409,921 million. However, on October 16, 2013, the Company submitted a letter to cancel the objection of one correction amounting to Rp165,944 million. On September 2, 2014, the Company received the decision letter from the DGT which approved the Company's overpayment amounting to Rp97,600 million and corrected the calculation of taxable income from tax loss amounting to Rp266,924 million to become taxable income amounting to Rp74,652 million. In December 2014, the Company decided to accept the correction of Rp175,632 million specifically related to promotion expense. This resulted that the Company recognized a charge amounting to Rp43,908 million to the 2014 operations as part of " Income tax expense - deferred."

On November 20, 2014, the Company received SKPLB from DGT for the Company's 2012 corporate income tax amounting to Rp131,894 million and received the refund on January 20, 2015. The Company accepted some of the corrections amounting Rp5,826 million and submitted the objection letter to the Tax office on February 18, 2015

amounting to Rp331,499 million. On February 17, 2016 the Company received an Objection Decision Letter dated February 10, 2016 which declined the Company's objection. The Company intends to submit Appeal to Tax Court.

On June 26, 2013, the Company also received an assessment letter of tax underpayment (SKPKB) from the DGT with respect to the Company's VAT for the period from January to December 2011 totaling Rp133,160 million (including penalties), which was paid by the Company on July 24, 2013. The Company accepted a part of the corrections totaling Rp2,069 million, which were charged to 2013 operations. On September 23, 2013, the Company submitted objection letters to the Tax Office regarding the remaining correction on the Company's VAT for the period January to December 2011. On August 21 and 25 and September 2, 4 and 12, 2014, the Company received the decision letters from the DGT which declined the Company's objection and deducted the penalties for the periods from July to December 2011 totaling to Rp1,962 million. On November 20, 2014, the Company submitted an appeal letter to the Tax Court with respect to the correction of the Company's VAT for the period January - December 2011 totaling to Rp119,344 million. As of April 06, 2016, the Company has not received any verdict from the Tax Court.

On September 4, 2013, the Company received an assessment letter of tax underpayment (SKPKB) from the DGT for the Company's VAT for the period from January to December 2012 totaling Rp148,161 million (including penalties), which was paid by the Company on October 3, 2013. On November 29, 2013, the Company submitted objection letters to the Tax Office with respect to the Company's VAT for such period totaling Rp148,161 million. On August 21 and 27 and September 1, 2014, the Company received the decision letter from the DGT which declined all of the Company's objections. On November 20, 2014, the Company submitted an appeal letter to the Tax Court with respect to the correction of the Company's VAT for the period from January to December 2012 to totaling Rp148,161 million. As of April 06, 2016, the Company has not received any verdict from the Tax Court.

On December 27, 2013, the Company received an assessment letter of tax underpayment (SKPKB) from the DGT for the Company's 2007 and 2008 corporate income tax amounting to Rp110,413 million and Rp97,132 million (including penalties), respectively, which were paid on January 24, 2014. On March 20, 2014, the Company submitted objection letters to the Tax Office with respect to such underpayment. On March 17 and 19, 2015 the Company received the DGT's decision letter declined the Company's objections for the year 2007 and 2008. The Company has undergone legal proceeding to the Tax Court against DGT's decision letters. As of March 29, 2016, the Company has submitted and recited Closing Statement at the Tax Court.

On November 20, 2014, the Company received SKPKBs from the DGT for the Company's 2012 income tax article 26 totaling Rp313,769 (including penalties). The Company decided not to pay such SKPKBs and submitted the objection letters to the Tax office regarding such SKPKBs on February 18, 2015. On January 05, 2016 the Company received an Objection Decision Letter from the tax office which declined the Company's objection. The Company has submitted Appeal Letters on April 01, 2016.

On November 7, 2015, the Company received an assessment letter of tax overpayment (SKPLB) from the DGT for the Company's VAT for the period January 2014 amounting to Rp5, 057 million, which amount is lower than the amount claimed by the Company and an assessment letter of tax underpayment (SKPKB) for the Company's VAT for the period February to June 2014 totaling Rp14, 517 million (including penalties). On December 4, 2015, the Company paid the underpayment amounting to Rp14, 517 million. On January 15, 2016, the Company received the overpayment amounting to Rp5, 057 million from DGT. On February 5, 2016, the Company submitted objection letters to the Tax Office regarding an assessment letter of tax overpayment (SKPLB) and an assessment letter of tax underpayment (SKPKB) on the Company's VAT for the period January to June 2014 totaling Rp29, 331 million. As of April 06, 2016, the Company has not received any decision from the DGT.

On December 31, 2015, the Company received an assessment letter of tax overpayment (SKPLB) from the DGT for the Company's VAT for the period May 2013 amounting to Rp12,444 million which amount is lower than the amount claimed by the Company. On January 04, 2016, the Company received an assessment letter of tax overpayment (SKPLB) from the DGT for the Company's VAT for the period February and April 2013 amounting to Rp12,747 million dan Rp24,371 million which amount is lower than the amount claimed by the Company. On January 13, 2016, the Company received an assessment letter of tax overpayment (SKPLB) from the DGT for the Company's VAT for the period December 2013 amounting to Rp82,915 million, which amount is lower than the amount claimed by the Company. On February 3, 2016, the Company received the tax overpayment refund amounting to Rp12,747 million, Rp24,371 million and Rp12,443 million for the Company's VAT for 2013 fiscal period February, April and May 2013. On February 22, 2016, the Company received the tax overpayment refunds amounting to Rp82,915 million, for the Company's VAT for period December 2013. On March 15, 2016, the Company received the tax overpayment refunds amounting to Rp26,278 million, for the Company's VAT for period March 2013. On March 22, 2016, the Company submitted an objection letter to the Tax Office regarding the assessment letter of tax overpayment (SKPLB) of the Company's VAT for the period May 2013 amounting to Rp22,468 million. On March 29, 2016, the Company submitted an objection letter to the Tax Office regarding the assessment letter of tax overpayment (SKPLB) of the Company's VAT for the period February and April 2013 amounting to Rp18,499 million and Rp30,891 million. As of April 6, 2016, the Company has not received any decision from the DGT.

We are not involved in any other material cases, including civil, criminal, bankruptcy, state administration cases or arbitration cases in the Indonesian National Board of Arbitration or labor cases in Industrial Relation Court which may materially affect our performance.

Code Of Ethics

Indosat Ooredoo has established a Code of Ethics summarizing the principles of responsible conduct to which all employees and management at all levels including the Board of Commissioners and Board of Directors are expected to adhere to the Code of Ethics.

Implementation of the Code of Ethics

The Code of Ethics of the Company was most recently revised on November 26, 2015 by the Board of Directors and Board of Commissioners. The Code of Ethics is posted on the Company website at www.indosatooredoo.com, where it is publicly available.

Under our Code of Ethics, all business activities must be carried out with integrity and in accordance with all prevailing laws and regulations. Further, the Code of Ethics strictly prohibits conflicts of interests, acceptance of gratuities, corruption, insider trading and illegal or unethical behavior. Each employee must sign a statement that they have read and understood the Code of Ethics. Employees must reconfirm this statement periodically through the Company Intranet.

Corporate Culture

Indosat Ooredoo employees are expected to implement our 5 new values, namely:

1. Trust: Think positively, walk the talk and can be relied on.
2. Care: Think positively, walk the talk and can be relied on.
3. Passion to Be the Best: Strive for excellence through continuous improvement and refinement.
4. Fast: Quick in problem solving, making decisions, taking actions and adapting.
5. Youthful Spirit: Strive for excellence through continuous improvement and refinement.

In addition, all Commissioners, Directors and employees of Indosat Ooredoo are expected to understand and comply with the policies outlined in the Code of Ethics. Any Director or employee found to have violated the Code of Ethics will be disciplined accordingly, up to and including termination of employment. By doing so it is hoped that Code Ethics will be reinforced as part of the corporate culture at Indosat Ooredoo.

Whistleblowing

Channels for Report of Violations

Complaints may be submitted through e-mail to auditcom@indosatooredoo.com, infoGCG@indosatooredoo.com, or by mail directly addressed to the Audit Committee at 3rd Floor, Indosat Ooredoo Building, Jl. Medan Merdeka Barat No. 21, Jakarta 10110. The detailed procedure for filing complaints is available at our website, www.indosatooredoo.com.

Protection of Whistleblowers

Our Whistleblower Policy protects external or internal parties who wish to raise concerns or complaints to the Audit Committee related to any impropriety or inaccuracy of the Company's financial statements, press releases or other public disclosures, accounting, internal controls, audits or other material areas.

Complaints Handling and Party Appointed

Depending on the results of review and approval of the Audit Committee and Management on a case-by-case basis, the Internal Audit division is appointed to carry out investigations of complaints received, in which the whistleblower will have the opportunity to receive information on the follow-up actions. If a violation is proven to have occurred, the Industrial Relation teams will handle it in accordance with Human Resources regulations or if necessary with recourse to the law.

Number of Complaints

Through various channels in the Company, in 2015 a total of 20 complaints were received and were subsequently handled.

Access of Information

Indosat Ooredoo openly discloses material information through public exposes, various communication channels and internal communications. Indosat Ooredoo actively reached out in 2015 through various media to our stakeholders. To ensure that investors, stakeholders and the public stayed well informed of the Company's performance and activity, information was communicated through various channels including our website www.indosatooredoo.com, fact sheets, quarterly investor bulletins, corporate releases, mailings, direct calls, interactive meetings and press conferences.

Our Group Head Investor Relations Group and Corporate Secretary, who reports to the Director & Chief Financial Officer, continued to proactively reach out to the financial community, in keeping with our reputation for transparency and disclosure. Following the submission of regular quarterly financial reports to the Indonesia Financial Services Authority, we held conference calls with analysts, investors and others to discuss the Company's performance and the industry more generally, with extensive Q&A sessions. These calls were further recorded and made available on the Company website so as to enable easy access for shareholders and investors who could not yet be present. The Company also held quarterly results conference calls for analysts and investors, presented to investors, and attended meetings and investor conferences in several financial centers including overseas.

We also monitored and communicated our credit and corporate rating to investors and public in a timely manner by publicizing it in newspapers and on our website. Please refer to the Stocks and Bonds section of this Annual Report to see our ratings as of December 31, 2015.

For more information regarding the Company, please contact us at:

Group Investor Relations and Corporate Secretary
PT Indosat Tbk
Tel : 62-21 3000 3001 ext. 2615
Fax : 62-21 3000 3002
Or visit our website at www.indosatooredoo.com.

Audit Committee Report

Background

The Audit Committee (the Committee) is a committee formed by and reporting to the PT Indosat Tbk (the Company) Board of Commissioners (BOC), the role of which is to assist the BOC in its oversight functions.

According to the Indonesian Financial Services Authority/OJK (previously Capital Market and Financial Institutions Supervisory Board/Bapepam-LK), the main role of the Committee is to oversee the fair presentation of the Company's financial statements, the auditing processes conducted by both Internal Auditors and Independent Auditors, as well as compliance to the prevailing law and regulations.

The Committee performed its roles based on a written charter established by the BOC (the Charter) on May 31, 2003 and subsequently regularly amended. Previously the Charter was developed based on regulations issued by the Indonesian Financial Services Authority/OJK, the US Securities Exchange Commission (US SEC), the Indonesian Stock Exchange (IDX) and the New York Stock Exchange (NYSE). However, as the Company has effectively delisted from NYSE since end of October 2014, the Charter has thereby been reviewed to comply with the OJK regulations.

In performing its duties, the Committee conducted meetings as necessary with the Company's management including the Board of Directors (BOD), Risk Management Group, and the Internal Audit function, as well as with the Independent Auditors.

In January 2015, the Committee members comprised of:

- Richard Farnsworth Seney (Chairman), Independent Commissioner
- Chris Kanter (Member), Independent Commissioner
- Kanaka Puradiredja (Member), Independent Party
- U.S.M. Tampubolon (Member), Independent Party

On January 28, 2015, Rinaldi Firmansyah was appointed as a new independent commissioner and the Committee member, replacing Chris Kanter. He then resigned on 7 May 2015, leaving only 3 (three) members of the Committee remaining.

On 8 July 2015, the BOC assigned Elisa Lumbantoruan, the Company's newly appointed independent commissioner, to replace Rinaldi Firmansyah as the Committee member.

For the purpose of OJK requirements, Richard Farnsworth Seney and Kanaka Puradiredja meet the criteria of financial expert.

During the year, the Committee held 5 regular meetings. The attendance table of respective members of the Audit Committee is as follows:

Commissioners	Numbers of Meetings Attended
Richard Farnsworth Seney	5/5
Chris Kanter*	1/1
Rinaldi Firmansyah**	1/1
Elisa Lumbantoruan***	2/2
Kanaka Puradiredja	4/5
Unggul Saut Marupa Tampubolon	5/5

* AC member until 28 January 2015
** AC member from 28 January – 7 May 2015
*** AC member from 8 July 2015

As defined in the Charter to support the Committee activities, the Committee formed an Audit Committee Working Group (ACWG) to discuss in more detail numerous issues relating to the duties of the Committee. The ACWG consists of two AC members and one independent advisor.

During 2015, the ACWG held 17 meetings.

The following are summaries of the Committee Reports:

Financial Statements

The Company's 2015 consolidated financial statements, as included in the 2015 Annual Report, were audited by Tanudiredja, Wibisana, Rintis & Rekan, a member of PricewaterhouseCoopers network of firms (PwC) whose report dated March 21, 2016 expresses that said consolidated financial statements have been presented fairly in all material respects in accordance with Indonesian Financial Accounting Standards.

The Committee has reviewed the abovementioned audited consolidated financial statements with the Company's management and PwC, particularly the critical accounting policies and significant estimates and judgments. The Committee has satisfied itself that all material adjustments proposed by PwC have been included in the consolidated financial statements, and that the Committee is not aware of any material misstatement.

Internal Control

Despite the Company having delisted from the NYSE and no longer being subject to the reporting requirements of the US SEC, Management decided to continue, with certain modifications, the practice of assessing control over financial reporting. The results of this process were closely monitored by the Committee.

Independent Auditor

The Committee has reviewed the independence of PwC and concludes that PwC is independent to conduct the audit of the Company's consolidated financial statements for the year ended December 31, 2015.

Internal Auditors

With respect to the Internal Auditors, the Committee has reviewed the Internal Audit Work Plan, monitored the progress, discussed significant findings, and monitored remediations to ensure that Management follows up upon recommended remediations.

Compliance with the Prevailing Laws and Regulations

The Committee has inquired of Management with respect to the Company's compliance with the prevailing laws and regulations. In response to this inquiry, Management stated that they are not aware of any non-compliance, and therefore, the Committee states that, to the best of its knowledge, it is not aware of any such non-compliance.

Whistleblower

Whistleblower procedures have been established by the Company including complaints regarding accounting, internal accounting controls and auditing matters. The Committee reviewed any complaints received and monitored their appropriate resolutions.

Remuneration Package

The Committee assigned PwC to assist in reviewing the payments of the remuneration packages of the Boards of Commissioners and Directors. The Committee concluded that the total remuneration paid as disclosed in the Annual Report was in line with the resolution of the Annual General Meeting of Shareholders dated 10 June 2015.

Richard Farnsworth Seney
Chairman of Audit Committee 2015

Risk Management Committee Report

The Risk Management Committee (the "RMC") assists the Board of Commissioners (the "Commissioners") in establishing an appropriate policy concerning risk assessment and risk management, as well as in reviewing the adequacy, completeness and affective implementation of the Company's risk management process, and recommends to the Commissioners improvements where deemed necessary.

The RMC is appointed by the Commissioners from amongst its members, and since 1 January 2015, the RMC is comprised of Richard Farnsworth Seney (Chairman), Cynthia Alison Gordon and Chris Kanter.

On 28 January 2015, the Commissioners approved a new composition of the RMC comprised of Khalid Ibrahim Al-Mahmoud (Chairman), Ahmed Yousef Al Derbesti, Beny Roelyawan and Rinaldi Firmansyah. Following Mr. Firmansyah's resignation on 7 May 2015, the BOC assigned Elisa Lumbantoruan, a newly appointed Independent Commissioner, to replace his position starting 8 July 2015.

The RMC held five meetings in 2015. A table of the Commissioners' participation and attendance at the Committee meetings held during the year is set out below:

Commissioners	Numbers of Meetings Attended
Richard Farnsworth Seney *	1/1
Khalid Ibrahim Al-Mahmoud **	4/4
Cynthia Alison Gordon ***	1/1
Chris Kanter ***	1/1
Rinaldi Firmansyah ****	1/1
Ahmed Yousef Al-Derbesti *****	4/4
Beny Roelyawan *****	4/4
Elisa Lumbantoruan ******	1/2

* Chairman until 28 January 2015
** Chairman from 28 January 2015
*** Member until 28 January 2015
**** Member from 28 January to 7 May 2015
***** Member from 28 January 2015
****** Member from 8 July 2015

Following the Extraordinary General Meeting of Shareholders on 15 March 2016, the Commissioners has appointed Ajay Bahri and Ian Charles Dench to replace Khalid Ibrahim Al Mahmoud and Ahmed Yousef Al Derbesti, hence the current composition of the RMC is Ajay Bahri (Chairman), Ian Charles Dench, Beny Roelyawan and Elisa Lumbantoruan.

Activities

The RMC conducted its duties and responsibilities in accordance with its charter of which the last amendment was made on 7 May 2013.

The main activities undertaken by the RMC were as follows:
1. Reviewed and endorsed new Risk Profile for 2015 and continual monitoring of updates and mitigation actions of the material risks conducted by Management.
2. Detailed discussions related with the Enterprise Risk Management's activities and plans.

Khalid Ibrahim Al-Mahmoud
Chairman of Risk Management Committee 2015

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee, formerly named the Remuneration Committee (the Committee), has the responsibility of providing advice to the Board of Commissioners on the remuneration of the Commissioners, Directors and other employees of the Company as well as the structure, terms and implementation of short term and long-term incentives for the Board of Directors.

In compliance with OJK regulation No. 34/POJK.04/2014 pertaining to Nomination and Remuneration Committee of the Board of Commissioners, on 26 November 2015, the Board of Commissioners resolved that nomination function is added to the Committee's duties and responsibilities and established the Nomination and Remuneration Committee Charter pursuant to such OJK Regulation.

Members of the Committee are appointed by the Board of Commissioners from amongst its members and comprise of not fewer than three members, one member of whom must be an Independent Commissioner and shall act as Chairman.

As of 1 January 2015, the Committee is comprised of Dr. Nasser Mohammed Marafih as the Chairman, Soeprapto, Chris Kanter and Cynthia Alison Gordon as Members. On 28 January 2015, the Board of Commissioners appointed Richard Farnsworth Seney to replace Dr. Nasser Marafih, and Astera Primanto Bhakti to replace Soeprapto, hence the members of the Committee were Richard Farnsworth Seney (Chairman), Chris Kanter, Astera Primanto Bhakti and Cynthia Alison Gordon. Following the Extraordinary General Meeting of Shareholders on 15 March 2016, the Board of Commissioners appointed Ian Charles Dench and Hans Anthony Kuropatwa to replace Cynthia Alison Gordon and Chris Kanter, hence the current composition of the Committee is Richard Farnsworth Seney (Chairman), Ian Charles Dench, Hans Anthony Kuropatwa and Astera Primanto Bhakti.

The Committee has access to expert professional advice from appropriate external advisors to provide additional perspectives on Nomination and Remuneration practices as and when it deems necessary.

The Committee held 6 meetings during 2015. A table of the Commissioners' participation and attendance at the meetings held during the year is set out below:

Commissioners	Numbers of Meetings Attended
Dr. Nasser Mohammed Marafih *	1/1
Richard Farnsworth Seney **	5/5
Soeprapto ***	1/1
Cynthia Alison Gordon	6/6
Chris Kanter	5/6
Astera Primanto Bhakti ****	3/5

* Chairman until 28 January 2015
** Chairman from 28 January 2015
*** Member until 28 January 2015
**** Member from 28 January 2015

Activities

The Committee conducts its duties and responsibilities in accordance with its Charter.

The main activities undertaken by the Committee in 2015 were as follows:

1. Reviewed and recommended to the Board of Commissioners the remuneration structure and package of the Board of Commissioners for 2015;
2. Reviewed and recommended to the Board of Commissioners, the remuneration structure and package (including review of salaries, short-term and long-term incentives) for the Board of Directors for 2015;
3. Based on delegation from Board of Commissioners, (i) reviewed and approved the creation of CXO position and organization, (ii) reviewed and approved the appointment and remuneration of CXO, (iii) reviewed and approved employee salary structure 2015 and pool bonus 2014.

The Committee's initial involvement in the nomination process began with the appointment of several new members of the Board of Commissioners resolved during the Company's Extraordinary General Meeting of Shareholders on 15 March 2016.

Richard Farnsworth Seney
Chairman of Nomination and Remuneration Committee 2015

Budget Committee Report

The Budget Committee ("BC") assists the Board of Commissioners (the "BoC") in performing the Board's supervisory and advisory duties by reviewing and giving its recommendations to the Board in relation to the Company's strategic plans, the Annual Work Plan and Budget (which includes the Capital Expenditure plan).

As of 1 January 2015, the members of the BC are: Dr. Nasser Mohammed Marafih (Chairman), Richard Farnsworth Seney, Chris Kanter and Cynthia Alison Gordon.

On 28 January 2015, Ahmed Yousef Al Derbesti replaced Dr. Nasser Mohammed Marafih as the Chairman and Wijayanto Samirin was added as a member of the BC.

During 2015, the BC held five meetings of which the table of the Commissioners' participation and attendance is set out below:

Commissioners	Numbers of Meetings Attended
Dr. Nasser Mohammed Marafih*	1/1
Ahmed Yousef Al Derbesti**	4/4
Richard Farnsworth Seney	5/5
Chris Kanter	4/5
Cynthia Alison Gordon	5/5
Wijayanto Samirin***	4/4

*Chairman until 28 January 2015
**Chairman from 28 January 2015
***Member from 28 January 2015

Following the Extraordinary General Meeting of Shareholders on 15 March 2016, the BOC appointed Waleed Mohamed Al-Sayed, Ajay Bahri and Hans Anthony Kuropatwa to replace Dr. Nasser Mohammed Marafih, Ahmed Yousef Al Derbesti and Cynthia Alison Gordon, hence the current composition of BC is Waleed Mohamed Al-Sayed (Chairman), Ajay Bahri, Hans Anthony Kuropatwa, Chris Kanter and Wijayanto Samirin.

Activities

The BC conducted its duties and responsibilities in accordance with its terms of reference.

The main activities undertaken by the BC were as follows:

1. Review and recommend to the Board of Commissioner the 2015 Workplan and Budget proposed by the Board of Directors; as well as supervise the approved 2015 Workplan and Budget;
2. Review the 2015-2017 Business Plan; and
3. Discuss some strategic plans namely Network Modernization, Digital Business, Network Sharing, Company Rebranding, Retail network partnership, IT Strategic Partnership and Outsourcing, and LTE.

Ahmed Yousef Al Derbesti
Chairman of Budget Committee 2015

Corporate Social Responsibility

Environmental Responsibility

Commitment and Policy	Activities	Financial Impact
With reference to the Law on Limited Liability Companies Articles 40 and 70, Indosat Ooredoo is committed to reducing and preventing environmental pollution, and saving energy. Indosat Ooredoo has also implemented an Environmental Management system as embodied by its ISO14001:2004 certification and has established policies that include avoiding and decreasing environmental pollution and conserving natural resources.	• Energy efficient power solutions have been implemented in the form of CDC (Charge Discharger Controller) switches at a number of Base Transceiver Stations (BTS). CDC work to optimize batteries as an alternative power source in the case of a State Electricity (PLN) blackout, extending battery life while saving fuel by decreasing the need to run the diesel generators. • Indosat Ooredoo has installed more than 100 solar-powered BTS in remote and isolated areas like Mambi, Sulawesi. • Indosat Ooredoo has replaced a number of traditional lead-acid batteries in the BTS backup generators with environmentally friendly fluidic batteries. • The Indosat Ooredoo headquarters carries out waste management for used batteries, used oil and other hazardous substances	Indosat Ooredoo has not quantified the amount of savings from these activities, however the use of CDC (Charge-Discharger Controller) switches at BTS can save fuel costs of up to 60%.

Environmental Certification

Indosat Ooredoo is 14001 certified with regard to Environmental Management Systems, a certification issued by independent auditing Quay Audit.

Labour, workplace health and safety

Commitment and Policy	Activities	Financial Impact
With reference to the Law on Limited Liability Companies Articles 40 and 70, Indosat Ooredoo is committed to implementing a culture that promotes Occupational Health, Safety and Environment (HSE), in line with the government program of establishing a national HSE culture by 2015. Indosat Ooredoo has established an HSE policy signed by the President Director and CEO, which outlines the Company's commitment to reducing workplace accidents, obeying laws and making continuous improvements to HSE management systems	Good labor practices include: • Equal opportunity career development regardless of gender, race or religions • Competitive remuneration and benefits • Retention policies to reduce turnover • Good career development opportunities • OSHAS certified • Earned an Audit Certificate for its Occupational Safety and Health Management System from the Ministry of Manpower and Transmigration	Costs in 2015 include training costs for a total of 475 training programs which were attended by 6050 employees at a total cost of Rp21.6 billion or Rp3.9 million per person. The Company believes that many intangible financial benefits as a result of these labor practices,that exceed the costs.
	Good health practices include: • All eligible employees are medically insured • The Company strives to provide a healthy work environment • OHSAS 18001 international certification related to Occupational Health and Safety management systems • Prohibition against smoking inside the office in order to create a healthy work environment	The Company covered the following health benefits used by Indosat Ooredoo employees in 2015: • Number of employees who had Medical Check Ups: 1,331 • Number of employees and their families undergoing outpatient treatment: 4,400 • Number of hospitalization days for employees and their family members: 6,037 • Number of employees and their families handled by Indosat Ooredoo clinic: 823 (dental clinic), 1,428 (health clinic) • Glasses facility: 2,103
	Good safety practices include: • Establishment of a Safety and Health Guiding Committee to help protect employees aginst the risk of accidents and illness due to work • Protection for the rights of employees including occupational safety issues under the the Collective Labor Agreement (CLA) • OHSAS 18001 international certification related to Occupational Health and Safety management systems	The Company incurred direct as well as indirect costs for OSHAS certification and implementation of good safety practices and systems.

Consumer Responsibility

Consumer Responsibility Policy	Activities	Financial Impact
With reference to the Law on Limited Liability Companies Articles 40 and 70, Indosat Ooredoo strives to provide high quality products and services in order to safeguard the wellbeing of both retail and corporate customers.	Activities included among others: • Improving service and network quality in 2015 • Providing accurate product and service information • Protecting the confidentiality of data and customer profiles • Using radio telecommunications equipment that is not hazardous to customer health • Maintaining a secure network and data center as reflected by our ISO 27001 information security management system (ISMS) certification covering information technology, security techniques, and information security management systems and requirements.	Indosat Ooredoo does not compute the cost of these activities as a separate category since these ativities are part of its core operational activities. Significant capital expenditure has been invested in improving network modernization, capacity expansion and coverage to support future demand for data services.

Social and community development

Commitment & Policy	Activities	Financial Impact
With reference to the Law on Limited Liability Companies Articles 40 and 70, Indosat Ooredoo carried out various social and community activities as a reflection of its commitment to help develop society at large and local communities.	Activities included but were not limited to: • Preference for local suppliers, supporting the domestic economy • Preference for local recruitment • Empowerment of SME businesses • Support for entrepreneur women • Work knowledge transfer • Support for local mobile application developers • Supporting education for example through IWIC In addition, Indosat Ooredoo has established a long-running Corporate Social Responsibility (CSR) program, with the objective of giving back to society and the nation that supports it, with details as follows on the next page.	Indosat Ooredoo does not compute the cost of these activities as a separate category since many of these activities are part of its core various costs included: • USD500,000 earmarked for investing in local mobile application developers.

Indosat Ooredoo has formulated a Corporate Social Responsibility (CSR) program comprised of three pillars, namely Women Empowerment, Education and Innovation, with Health as the essential foundation.

CSR Foundation: Health

The Indosat Ooredoo Mobile Clinic program was created in 2007 as a mobile solution to reach underserved communities (with a focus on children) in rural areas, as well as victims of natural disasters. The Mobile Clinics provide a range of free services to these beneficiaries covering medical treatment including ultrasound scans for pregnant women, medicines, professional medical staff, vitamin distribution and nutritional advice, and general education regarding the importance of healthy living.

More than 737.000 people have been treated since the inception of the program, of which more than 51.000 were treated in 2015.

mobil klinik

737,000+

people have been treated

Areas of operation in 2015

Island	Area	Number of Mobile Clinic Vehicles
Sumatera	Bengkulu, Medan, Padang, Lampung	4
Kalimantan	Banjarmasin, Pontianak	2
Java	Bandung, Ciamis Jakarta, Surabaya, Tegal, Yogyakarta	8
Sulawesi	Makassar	1
Papua	Jayapura	1
Total		**16**

During the year the Mobile Clinics also delivered front line, fast response health treatment to natural disaster victims of:

- flooding in Jakarta
- the eruption of Mt Sinabung in Medan, Sumatra
- flooding in Sulawesi and Bandung, West Java
- landslides in Papua and Central Java
- haze disaster pollution from forest fires.

Besides free health treatment, the Mobile Clinics helped bring in needed materials such as food, blankets, clothes, masks, schoolbooks and more to disaster sites.

Pillar 1: Women Empowerment

Indosat Ooredoo has established a women's empowerment program called INSPERA (Inspiring Indonesian Women) which incorporates ICT aspects. INSPERA focuses on sustainably improving and empowering underprivileged women's capacity to earn income.

- 50 women and housewives in Sokaraja Kulon Village, Sokaraja Sub-district, Banyumas District, Central Java, were taught to make distinctive Banyumasan batik and derivative product with a unique pakem motif, and sell it over the internet. This benefited themselves as well as 200 family members.
- Selected female applicants were given micro loans using an e-money payment solution called Dompetku which sent funds through their phones. Participants received coaching and mentoring on developing their businesses, as well as monitoring and evaluation. Borrower repayments on loans were then rolled back into the program to fund new participants, creating a self-funding, sustainable structure. At the end of one year, Indosat Ooredoo working capital targeted support for up to 557 women with indirect impact to 2,228 family members.

Pillar 2: Education – Indonesia Belajar

Indosat Ooredoo created the Indonesia Belajar school development program to help target schools achieve the 9 National Education indicators established by the Ministry of Education. Target schools received mentoring and assistance.

In November 2015, a Cyber School was launched that uses digital technology to make good education more accessible and affordable nationwide. The Cyber School program includes the implementation of the Cyber School, empowerment of teachers as well as the provision of infrastructure for digital education.

Pillar 3: Innovation

Indosat Ooredoo continuously encourages innovation. In 2015, we held the 9th Indosat Ooredoo Wireless Innovation Contest (IWIC) to encourage technological innovation amount young Indonesians. In 2015, we are proud to announce that we had 3,173 participants, of which 23% was female, compared with 1,738 participants in 2014 and 667 participants in 2013. This shows that IWIC has successfully piqued the interest of the Indonesian youth including kids and teens in the technology sector. IWIC has also successfully expanded the number of world-class organizations that it partners with to include Internet.org by Facebook, Starhub through Crowdtivate, Founder's Institute, and more. IWIC has won numerous global and local awards over the years in recognition of its innovative impact.

Rising participation in IWIC

2015	2014	2013
3,173	1,738	667

PT Indosat Tbk and Subsidiaries

Consolidated Financial Statements

December 31, 2015, 2014 and January 1, 2014
and for the years ended December 31, 2015 and 2014

Chapter

6

These consolidated financial statements are originally issued in the Indonesian language.

PT INDOSAT Tbk AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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indosat ooredoo

PT INDOSAT Tbk DAN ENTITAS ANAK
("Grup")

SURAT PERNYATAAN DIREKSI TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN KONSOLIDASIAN PADA TANGGAL 31 DESEMBER 2015, 2014 DAN 1 JANUARI 2014 SERTA UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2015 DAN 2014

PT INDOSAT Tbk AND SUBSIDIARIES
("The Group")

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014 AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

No. 010/A00/FIN/16

Kami yang bertanda tangan di bawah ini:

1. Nama : Alexander Rusli
   Alamat Kantor : Jl. Medan Merdeka Barat No. 21 Jakarta 10110
   Alamat Rumah : Jl. Lebak Bulus IV no 7A Cilandak Barat-Jakarta Selatan
   Nomor telepon : 3044 2600
   Jabatan : Direktur Utama

2. Nama : Caba Pinter
   Alamat Kantor : Jl. Medan Merdeka Barat No. 21 Jakarta 10110
   Alamat Rumah : The Mayflower, Jakarta – Marriott Executive Apartments Sudirman Plaza - Indofood Tower, Jl. Jend. Sudirman Kav 76 -78, Jakarta 12910, Indonesia
   Nomor telepon : 3044 2606
   Jabatan : Direktur

Menyatakan bahwa:

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian Grup;
2. Laporan keuangan konsolidasian Grup telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian Grup telah dimuat secara lengkap dan benar;
   b. Laporan keuangan konsolidasian Grup tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Bertanggung jawab atas sistem pengendalian internal dalam Grup.

Demikian pernyataan ini dibuat dengan sebenarnya

We the undersigned:

1. *Name : Alexander Rusli*
   Office Address : Jl. Medan Merdeka Barat No. 21 Jakarta 10110
   Home Address : Jl. Lebak Bulus IV no 7A Cilandak Barat-Jakarta Selatan
   Phone Number : 3044 2600
   Designation : President Director

2. *Name : Caba Pinter*
   Office Address : Jl. Medan Merdeka Barat No. 21 Jakarta 10110
   Home Address : The Mayflower, Jakarta – Marriott Executive Apartments Sudirman Plaza - Indofood Tower, Jl. Jend. Sudirman Kav 76-78, Jakarta 12910, Indonesia
   Phone Number : 3044 2606
   Designation : Director

Hereby declares:

1. *Responsible for the preparation and the presentation of the Group's consolidated financial statements;*
2. *The Group's consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;*
3. a. *All information contained in the Group's consolidated financial statements have been disclosed in a complete and truthful manner;*
   b. *The Group's consolidated financial statements do not contain any incorrect material information or facts, and do not omit material information or facts;*
4. *Responsible for the Group's internal control system.*

This statement is made truthfully.

Jakarta, 21 Maret 2016 / March 21, 2016

President Director | *Director*

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TGL. 20
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6000
ENAM RIBU RUPIAH

Alexander Rusli
NIK. 30000022

Caba Pinter
NIK. 30000025

pwc

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF

PT INDOSAT Tbk

We have audited the accompanying consolidated financial statements of PT Indosat Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001
T: +62 21 5212901, F:+ 62 21 52905555 / 52905050, www.pwc.com/id

Nomor Izin Usaha: KEP-241/KM.1/2015
A160321015/DC2/EDR/2016/A

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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Indosat Tbk and its subsidiaries as at 31 December 2015, their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of matter

As disclosed in Notes 2c and 39, the consolidated financial statements of PT Indosat Tbk and its subsidiaries for the year ended 31 December 2014 have been restated to retrospectively adopt PSAK 24 (Revised 2013), "Employee Benefits", and to correct the effect of not including the reclassification adjustment in the other comprehensive income.

JAKARTA
21 March 2016

Eddy Rintis, S.E., CPA
License of Public Accountant No. AP. 0230

These consolidated financial statements are originally issued in the Indonesian language.

PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 1/1***

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
(Expressed in millions of Indonesian Rupiah, except par value per share)

	Notes	December 31, 2015	December 31, 2014 (As restated; Note 2c)	January 1, 2014 (As restated; Note 2c)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4	3,623,346	3,480,011	2,233,532
Restricted cash		77,574	5,656	25,008
Accounts receivable				
- Trade, net of allowance for impairment of Rp725,478 (December 31, 2014: Rp629,913; January 1, 2014: Rp521,406)				
Related parties	5	510,539	518,952	632,203
Third parties	5	2,219,636	1,573,160	1,636,136
- Others, net of allowance for impairment of Rp39,388 (December 31, 2014: Rp37,657; January 1, 2014: Rp35,388)		11,232	9,015	16,294
Inventories		39,346	49,408	36,004
Derivative assets	6	1,030	75,986	195,569
Prepaid taxes				
- Corporate income taxes	7	69,411	132,316	676
- Other taxes	7	344,885	231,747	218,073
Current portion of prepayments:				
- Prepaid frequency fee and licenses	9	2,321,743	2,050,295	1,757,586
- Prepaid rental		428,355	355,021	314,780
- Prepaid expenses - others		221,687	71,991	58,403
Other current financial assets		13,591	10,631	6,665
Other current assets		36,302	26,787	38,051
Total current assets		9,918,677	8,590,976	7,168,980
NON-CURRENT ASSETS				
Restricted cash		49,427	114,598	94,874
Due from related parties - net	31	2,758	3,496	7,167
Claims for tax refunds	8	538,049	1,005,341	875,594
Deferred tax assets - net	7	114,226	92,057	101,853
Long-term prepayments:				
- Prepaid frequency fee and licenses	9	93,216	134,345	200,186
- Prepaid rental		1,011,455	897,767	810,354
- Prepaid expenses - others		175,460	120,804	157,945
Investment in associates	10	78,521	5,912	580
Long-term investments	10	37,821	2,730	1,393,722
Property and equipment - net	11	41,821,703	40,775,907	42,190,111
Goodwill and other intangible assets - net	12	1,351,431	1,356,562	1,362,600
Other non-current financial assets		54,881	40,023	68,771
Other non-current assets - net		140,892	129,179	133,309
Total non-current assets		45,469,840	44,678,721	47,397,066
TOTAL ASSETS		55,388,517	53,269,697	54,566,046

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
(Expressed in millions of Indonesian Rupiah, except par value per share)

	Notes	December 31, 2015	December 31, 2014 (As restated; Note 2c)	January 1, 2014 (As restated; Note 2c)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans	13	1,449,022	849,448	1,499,849
Accounts payable - trade				
- Related parties	31	123,652	30,532	47,603
- Third parties		640,490	660,027	291,707
Procurement payable	14	6,263,117	3,095,518	3,064,287
Taxes payable				
- Corporate income taxes	7	24,538	19,351	15,337
- Other taxes	7	73,702	56,017	73,923
Accrued expenses	15	1,730,483	1,818,791	1,747,722
Short-term employee benefit obligations	16	335,620	332,123	336,972
Long-term employee benefit obligations				
- current portion	16	32,196	35,240	22,433
Unearned revenue		1,117,253	1,102,099	922,403
Deposits from customers		285,863	238,338	49,335
Derivative liabilities	6	290,747	31,740	36,903
Current maturities of long-term borrowings:				
- Loans payable	17	4,240,746	2,613,500	2,443,367
- Bonds payable	18	1,152,791	8,333,611	1,928,557
- Sharia bonds	19	226,810	-	427,753
- Obligations under finance lease	32	516,527	420,674	346,357
Provision for legal case	20	1,358,643	1,358,643	-
Other current financial liabilities		1,014	2,355	16,091
Other current liabilities		189,386	149,807	223,498
Total current liabilities		20,052,600	21,147,814	13,494,097
NON-CURRENT LIABILITIES				
Due to related parties	31	25,196	30,159	33,301
Deferred tax liabilities - net	7	12,572	705,917	984,676
Long-term borrowings, net of current maturities:				
- Loans payable	17	6,369,885	3,727,118	4,346,317
- Bonds payable	18	9,282,161	6,962,080	12,814,468
- Sharia bonds	19	954,586	660,405	470,739
- Obligations under financial lease	32	3,450,558	3,631,591	3,594,112
Long-term employee benefit obligations - net of current portion	16	908,838	960,627	746,971
Other non-current financial liabilities		114	17,049	81,805
Other non-current liabilities		1,068,166	1,128,382	1,228,415
Total non-current liabilities		22,072,076	17,823,328	24,300,804
TOTAL LIABILITIES		42,124,676	38,971,142	37,794,901

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 1/3***

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
(Expressed in millions of Indonesian Rupiah, except par value per share)

	Notes	December 31, 2015	December 31, 2014 (As restated; Note 2c)	January 1, 2014 (As restated; Note 2c)
EQUITY				
Equity attributable to owners of the parent				
Capital stock - Rp100 (full amount) par value per A share and B share:				
- Authorized - 1 A share and 19,999,999,999 B shares				
- Issued and fully paid - 1 A share and 5,433,933,499 B shares	22	543,393	543,393	543,393
Additional paid-in capital	22	1,546,587	1,546,587	1,546,587
Retained earnings:				
- Appropriated		134,446	134,446	134,446
- Unappropriated		9,596,118	10,906,119	12,914,483
Other equity component	1e	404,104	404,104	404,104
Difference in foreign currency translation		20,607	(9,081)	(5,210)
Remeasurement gains on defined benefit plans		251,459	92,268	222,054
Reserves for changes of fair value of available-for-sale investment		(14,909)	-	413,700
Cash flow hedge reserve		1,030	-	-
		12,482,835	13,617,836	16,173,557
Non-controlling interests		781,006	680,719	597,588
TOTAL EQUITY		13,263,841	14,298,555	16,771,145
TOTAL LIABILITIES AND EQUITY		55,388,517	53,269,697	54,566,046

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah, except loss per share)

	Notes	2015	2014 (As restated; Note 2c)
REVENUE	24		
Cellular		21,895,722	19,480,465
Multimedia, Data Communication, Internet ("MIDI")		3,753,485	3,508,563
Fixed telecommunications		1,119,318	1,096,073
Total revenue		26,768,525	24,085,101
(EXPENSES) INCOME			
Cost of telecommunications services	25	(11,213,902)	(10,408,912)
Depreciation and amortization	11,12	(8,769,147)	(8,226,063)
Personnel	26	(1,921,071)	(1,738,627)
Marketing	27	(1,236,679)	(1,044,884)
General and administrative	27	(923,567)	(859,529)
Loss on foreign exchange - net		(306,648)	(152,247)
Amortization of deferred gain on sale and leaseback of towers	21	141,050	141,050
Gain on sale of available-for-sale investment	21	-	413,700
Provision for legal case	20	-	(1,358,643)
Others - net		(176,451)	(204,145)
Total expenses		(24,406,415)	(23,438,300)
		2,362,110	646,801
Interest income		218,555	142,803
Finance costs	28	(2,829,464)	(2,406,536)
Loss on foreign exchange - net		(1,292,516)	(243,173)
Loss on change in fair value of derivatives - net	6	(244,520)	(101,927)
		(4,147,945)	(2,608,833)
LOSS BEFORE INCOME TAX		(1,785,835)	(1,962,032)
INCOME TAX BENEFIT	7	622,357	83,803
LOSS FOR THE YEAR		(1,163,478)	(1,878,229)

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 2/2***

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah, except loss per share)

	Notes	2015	2014 (As restated; Note 2c)
LOSS FOR THE YEAR		(1,163,478)	(1,878,229)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to Profit or Loss			
Difference in foreign currency translation		29,688	(3,871)
Available-for-sale investments:			
- Unrealized loss for the year		(14,909)	-
- Reclassification adjustment		-	(413,700)
Cash flow hedge reserve:			
- Unrealized gain for the year		4,202	-
- Reclassification adjustment		(3,172)	-
		15,809	(417,571)
Items that will not be reclassified to Profit or Loss			
Remeasurement gains (losses) on defined benefit plans	16	214,620	(174,332)
Related income tax (expense) benefit	16	(53,655)	43,583
		160,965	(130,749)
Other comprehensive income (loss) for the year - net of tax		176,774	(548,320)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(986,704)	(2,426,549)
(LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent		(1,310,001)	(2,008,364)
Non-controlling interests		146,523	130,135
		(1,163,478)	(1,878,229)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent		(1,135,001)	(2,555,721)
Non-controlling interests		148,297	129,172
		(986,704)	(2,426,549)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (full amount)	23	(241.08)	(369.60)

The accompanying notes form an integral part of these consolidated financial statements.

PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 3***

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah)

		Attributable to owners of the parent											
				Retained earnings									
Description	Notes	Capital stock	Additional paid-in capital	Appropriated	Unappropriated	Other equity component	Difference in foreign currency translation	Remeasurement gains (losses) on defined benefit plans	Changes in fair value of available for-sale investments	Cash flow hedge reserve	Total	Non-controlling interests	Total equity
Balance as of January 1, 2014 (as restated)	2c	543,393	1,546,587	134,446	12,914,483	404,104	(5,210)	222,054	413,700	-	16,173,557	597,588	16,771,145
Difference in foreign currency arising from the translation of the financial statements of subsidiary		-	-	-	-	-	(3,871)	-	-	-	(3,871)	-	(3,871)
Realization of changes in fair value of available-for-sale investment to profit or loss due to sale of such investment		-	-	-	-	-	-	-	(413,700)	-	(413,700)	-	(413,700)
Remeasurement losses on defined benefit plans – net of tax (as restated)	2c	-	-	-	-	-	-	(129,786)	-	-	(129,786)	(963)	(130,749)
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	-	(46,041)	(46,041)
Loss for the year (as restated)	2c	-	-	-	(2,008,364)	-	-	-	-	-	(2,008,364)	130,135	(1,878,229)
Balance as of December 31, 2014 (as restated)	2c	543,393	1,546,587	134,446	10,906,119	404,104	(9,081)	92,268	-	-	13,617,836	680,719	14,298,555
Difference in foreign currency arising from the translation of the financial statements of subsidiary		-	-	-	-	-	29,688	-	-	-	29,688	-	29,688
Changes in fair value of available-for-sale investments		-	-	-	-	-	-	-	(14,909)	-	(14,909)	-	(14,909)
Cash flow hedge reserve		-	-	-	-	-	-	-	-	1,030	1,030	-	1,030
Remeasurement gains on defined benefit plans -net of tax		-	-	-	-	-	-	159,191	-	-	159,191	1,774	160,965
Dividends of subsidiaries		-	-	-	-	-	-	-	-	-	-	(47,044)	(47,044)
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	(2,485)	(2,485)
Contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	1,519	1,519
Loss for the year		-	-	-	(1,310,001)	-		-	-	-	(1,310,001)	146,523	(1,163,478)
Balance as of December 31, 2015		543,393	1,546,587	134,446	9,596,118	404,104	20,607	251,459	(14,909)	1,030	12,482,835	781,006	13,263,841

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 4***

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
- Customers	26,230,342	24,757,946
- Refund of corporate income taxes	363,537	26,171
- Interest income	219,748	138,909
- Settlement of currency forward contracts	105,785	32,848
- Refund of Value Added Tax (“VAT”)	103,077	53,279
Cash paid to/for:		
- Regulator, other operators, suppliers and others	(13,905,023)	(13,232,721)
- Finance costs	(2,658,816)	(2,378,199)
- Employees	(1,969,175)	(1,658,546)
- Corporate income tax	(209,170)	(370,543)
- Interest rate swap contract	(15,312)	(17,244)
- Settlement of cross currency swap contracts	-	(3,111)
Net cash provided by operating activities	8,264,993	7,348,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	261,226	40,990
Cash dividend received from other long-term investments	20,283	23,261
Acquisitions of property and equipment	(7,344,833)	(6,432,134)
Investment in associates	(72,370)	(3,552)
Acquisitions of intangible assets	(9,670)	(11,306)
Net proceeds from sale of long-term investments	-	1,379,114
Net cash used in investing activities	(7,145,364)	(5,003,627)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	10,688,530	1,665,750
Proceeds from bonds payable and sharia bonds	4,000,000	2,500,000
Proceeds from short-term loans	925,000	1,400,000
Contribution from non-controlling interests	1,519	-
Repayment of bonds payable and sharia bonds	(9,347,137)	(2,358,000)
Repayment of long-term loans	(6,978,781)	(2,166,163)
Repayment of short-term loans	(325,000)	(2,050,000)
Cash dividend paid by subsidiaries to non-controlling interests	(47,044)	(46,041)
Acquisition of non-controlling interests	(2,485)	-
Decrease in restricted cash and cash equivalents	-	(2,968)
Net cash used in financing activities	(1,085,398)	(1,057,422)
Net foreign exchange differences from cash and cash equivalents	109,104	(41,261)
NET INCREASE IN CASH AND CASH EQUIVALENTS	143,335	1,246,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,480,011	2,233,532
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,623,346	3,480,011

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL

a. The Company's establishment

PT Indosat Tbk ("the Company") was established in the Republic of Indonesia on November 10, 1967 within the framework of the Indonesian Foreign Investment Law No. 1 of 1967 based on notarial deed No. 55 of Mohamad Said Tadjoedin, S.H. The deed of establishment was published in Supplement No. 24 of State Gazette of the Republic of Indonesia No. 26 dated March 29, 1968. In 1980, the Company was sold by American Cable and Radio Corporation, an International Telephone & Telegraph subsidiary, to the Government of the Republic of Indonesia ("the Government") and became a State-owned Company (*Persero*).

On February 7, 2003, the Company received the approval from the Capital Investment Coordinating Board ("BKPM") in its letter No. 14/V/PMA/2003 for the change of its legal status from a State-owned Company (*Persero*) to a Foreign Capital Investment Company. Subsequently, on March 21, 2003, the Company received the approval from the Ministry of Justice and Human Rights of the Republic of Indonesia on the amendment of its Articles of Association to reflect the change in its legal status.

The Company's Articles of Association have been amended from time to time. The latest amendment was covered by notarial deed No. 123 dated January 28, 2010 of Aulia Taufani, S.H. (as a substitute notary of Sutjipto, S.H.), as approved in the Extraordinary General Meeting of Shareholders ("EGMS") held on January 28, 2010, in order to comply with the Indonesian Capital Market and Financial Institutions Supervisory Agency ("BAPEPAM-LK") (currently the Indonesian Financial Services Authority ("OJK")) Rule No. IX.J.1 dated May 14, 2008 on the Principles of Articles of Association of Limited Liability Companies that Conduct Public Offering of Equity Securities and Public Companies and Rule No. IX.E.1 on Affiliate Transactions and Certain Conflict of Interests Transactions. The latest amendment of the Company's Articles of Association has been approved by and reported to the Ministry of Law and Human Rights of the Republic of Indonesia based on its letters No. AHU-09555.AH.01.02 year 2010 dated February 22, 2010 and No. AHU-AH.01.10-04964 dated February 25, 2010. The deed was published in Supplement No. 37880 of State Gazette of the Republic of Indonesia No. 89 dated November 5, 2010. The latest amendment relates to, among other matters, the changes in the Company's purposes, objectives and business activities, appointment of acting President Director if the incumbent President Director is unavailable, requirement of Board of Directors' meetings and definition of conflict of interests.

According to article 3 of its Articles of Association, the Company's purposes and objectives are to provide telecommunications networks, telecommunications services as well as information technology and/or convergence technology services by carrying out the following main business activities:

a. To provide telecommunications networks, telecommunications services as well as information technology and/or convergence technology services, including but not limited to providing basic telephony services, multimedia services, internet telephony services, network access point service, internet services, mobile telecommunications networks and fixed telecommunications networks; and

These consolidated financial statements are originally issued in the Indonesian language.
PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/2***

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

1. GENERAL (continued)

a. The Company's establishment (continued)

b. To engage in payment transactions and money transfer services through telecommunications networks as well as information technology and/or convergence technology.

The Company can provide supporting business activities in order to achieve the purposes and objectives, and to support its main businesses, as follows:

a. To plan, procure, modify, build, provide, develop, operate, lease, rent and maintain infrastructures/facilities including resources to support the Company's business in providing telecommunications networks, telecommunications services as well as information technology and/or convergence technology services;

b. To conduct business and operating activities (including development, marketing and sales of telecommunications networks, telecommunications services as well as information technology and/or convergence technology services by the Company), including research, customer services, education and courses (both domestic and overseas); and

c. To conduct other activities necessary to support and/or related to the provision of telecommunications networks, telecommunications services as well as information technology and/or convergence technology services including, but not limited to, electronic transactions and provision of hardware, software, content as well as telecommunications-managed services.

The Company started its commercial operations in 1969.

The Company has been conducting all the main and supporting business activities as stated in its Articles of Association.

The Company is domiciled at Jalan Medan Merdeka Barat No. 21, Jakarta and has 5 regional offices located in Jakarta, Semarang, Surabaya, Medan and Balikpapan.

Ooredoo QSC, Qatar (previously Qatar Telecom QSC) ("Ooredoo") is the ultimate parent company of the Company and its subsidiaries (collectively referred to hereafter as the "Group"). The immediate parent company of the Company is Ooredoo Asia Pte. Ltd., previously Qatar Telecom (Qtel Asia) Pte. Ltd., Singapore.

Based on Law No. 3 of 1989 on Telecommunications and pursuant to Government Regulation No. 77 of 1991, the Company had been re-confirmed as an Operating Body ("Badan Penyelenggara") that provided international telecommunications services under the authority of the Government.

1. GENERAL (continued)

a. The Company's establishment (continued)

In 1999, the Government issued Law No. 36 on Telecommunications ("Telecommunications Law") which took effect on September 8, 2000. Under the Telecommunications Law, telecommunications activities cover:

- Telecommunications networks
- Telecommunications services
- Special telecommunications services

State-owned enterprises, regional government-owned companies, privately-owned companies and cooperatives are allowed to provide telecommunications networks and services. Individuals, government institutions and legal entities, other than telecommunications networks and service providers, are allowed to render special telecommunications services.

The Telecommunications Law prohibits activities that result in monopolistic practices and unhealthy competition and expects to pave the way for market liberalization.

Based on the Telecommunications Law, the Company ceased as an Operating Body and has to obtain licenses from the Government for the Company to engage in the provision of specific telecommunications networks and services.

On August 14, 2000, the Government, through the Ministry of Communications ("MOC"), granted the Company an in-principle license as a nationwide Digital Communication System ("DCS") 1800 telecommunications provider. On August 23, 2001, the Company obtained the operating license (DCS 1800) from the MOC. Subsequently, based on Decree No. KEP.247 dated November 6, 2001 issued by the MOC, the operating license was transferred to the Company's then subsidiary, PT Indosat Multi Media Mobile ("IM3"). Refer to Note 1e. On September 7, 2000, the Government, through the MOC, also granted the Company in-principle licenses for local and domestic long-distance telecommunications services as compensation for the termination of its exclusivity rights on international telecommunications services. On the other hand, PT Telekomunikasi Indonesia Tbk ("Telkom") was granted an in-principle license for international telecommunications services as compensation for the early termination of Telkom's rights on local and domestic long-distance telecommunications services.

Based on a letter dated August 1, 2002 from the MOC, the Company was granted an operating license for fixed local telecommunications network covering Jakarta and Surabaya. This operating license was converted to become a national license on April 17, 2003 based on Decree No. KP.130 year 2003 of the MOC. The values of the above licenses granted to Telkom and the Company on the termination of their exclusive rights on local/domestic and international telecommunications services, respectively, have been determined by an independent appraiser.

These consolidated financial statements are originally issued in the Indonesian language.
PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/4***

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

1. GENERAL (continued)

a. The Company's establishment (continued)

Operating services frequency spectrum licenses

The following are significant licenses to operate network, services and frequency spectrum obtained by the Company and subsidiaries:

License	License No.	Description	Effective date
PT Indosat Mega Media License to Operate Internet Access Service ("ISP") (*)	No. 229/KEP/M.KOMINFO/5/2013	Internet Services Provider ("ISP") with regional coverage.	May 30, 2013
License to Operate Internet Interconnection Services ("NAP") (*)	No. 138/KEP/M.KOMINFO/10/2014	Internet Interconnection Services ("NAP") with regional coverage.	October 27, 2014
License to Operate Closed Fixed Network ("JARTUP") (*)	No. 10/KEP/M.KOMINFO/1/2015	Closed Fixed Network ("JARTUP") with regional coverage.	January 9, 2015
License for "Packet Switched" Local Fixed Telecommunications Network(*)	No.342/KEP/M.KOMINFO/8/2015	Local fixed telecommunications network using 3.3 GHz radio frequency spectrum of Broadband Wireless Access (BWA) with regional coverage.	August 5, 2015
License for "Packet Switched" Radio Frequency Band	No. 237/KEP/M.KOMINFO/9/2009	Allocation of 2.3 GHz and 3.3 GHz radio frequency spectrum of Broadband Wireless Access (BWA)(**) with regional coverage.	July 27, 2009
PT Aplikanusa Lintasarta License for Closed Fixed Network (*) *(Izin Penyelenggaraan Jaringan Tetap Tertutup)* (*)	No. 199/KEP/DJPPI/KOMINFO/04/2015	License to operate closed fixed line with national coverage.	April 24, 2015
License for Local Fixed Line with Switched Basis *(Izin Penyelenggaraan Jaringan Tetap Lokal Berbasis* Packet Switched*)* (*)	No. 258/KEP/DJPPI/KOMINFO/06/2015	License to operate local fixed line with packet switched basis with national coverage.	June 5, 2015
License for Internet Service Provider *(Izin Penyelenggaraan Jasa Akses Internet)* (*)	No. 295/KEP/DJPPI/KOMINFO/12/2011	Operating license for internet service provider with national coverage.	December 12, 2011
License for Network Access Point Provider *(Izin Penyelenggaraan Jasa Interkoneksi Internet)* (*)	No. 274/KEP/DJPPI/KOMINFO/08/2014	Operating license for internet interconnection/network access point with national coverage.	August 22, 2014
License for Call Center Provider *(Izin Penyelenggaraan Jasa Nilai Tambah Telepon Pusat Layanan Informasi)* (*)	No. 366/KEP/ M.KOMINFO/04/2014	Operating license to provide value added services of telephony call center, with national coverage.	April 2, 2014
License for Data Communication System Provider *(Izin Penyelenggaraan Jasa Sistem Komunikasi Data)* (*)	No. 889/KEP/DJPPI/KOMINFO/2015	Operating license to provide data communication system services with national coverage.	November 30, 2015

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

1. GENERAL (continued)

a. The Company's establishment (continued)

Operating services frequency spectrum licenses (continued)

License	License No.	Description	Effective date
PT Aplikanusa Lintasarta (continued) License for Radio Frequency Band 10.5 GHz	No 33/IV.1.2/DITFREK/II/2005	Allocated radio frequency band range to develop BWA access: - 10.182 GHz – 10.189 GHz - 10.532 GHz – 10.539 GHz Coverage area: Regional.	February 4, 2005
License for Radio Frequency Band 3.3 GHz	No. 266/KEP/M.KOMINFO/08/2009	Allocated radio frequency band 3.3 GHz (range 3325 – 3337.5 MHz) with regional coverage.	August 31, 2009
PT Indosat Tbk License to Operate Cellular Mobile Network (*)	No. 504/KEP/M.KOMINFO/08/2012 and No. 643/KEP/M.KOMINFO/06/2015	Cellular License which allows Indosat to deploy 3rd Generation Partnership Project (3G system) at 800 MHz, 900 MHz and 1800 MHz spectrum band, and also International Mobile Telecommunication 2000 (IMT 2000) at 2100 MHz.	June 30, 2015
License for Satellite orbital	No. 460/M.KOMINFO/12/ 2011	Approval for Indosat to utilize Orbital Slot 150.5º EL (East Latitude) (*)	Ended as at September 1, 2015
License to Operate Internet Interconnection Services (Network Access Point/"NAP") (*)	KEP No. 414, Year 2014	Operating license for internet interconnection services.	September 12, 2014
License to Operate Internet Service Provider ("ISP") (*)	KEP No. 418, Year 2014	Operating license as internet service provider.	April 7, 2014
License to Operate Internet Telephony Services (*)	KEP No. 416, Year 2014	Voice over Internet Protocol ("VoIP").	April 7, 2014
License to Operate Closed Fixed Network ("JARTUP") (*)	No. 198/KEP/ M.KOMINFO/05/ 2010	Closed Fixed Network.	May 27, 2010
License for Fixed Network and Basic Telephony Service (*)	No. 311/KEP/M.KOMINFO/8/2010 No. 312/KEP/ M.KOMINFO/8/ 2010 and No. 313/KEP/M.KOMINFO/8/ 2010	Operating license for fixed network and basic telephony service which covers the provision of local, national long-distance, and international long-distance telephony services.	August 24, 2010
License for Allocated Frequency Spectrum	No. 19/KEP/M.KOMINFO/02/2006 and No. 29/KEP/M.KOMINFO/03/ 2006	Cellular Mobile Network 2.1 GHz radio frequency spectrum for 1 block (2 x 5 Mhz) of Frequency (***)	February 14, 2006 and March 27, 2006
License for Allocated Frequency Spectrum	No. 268/KEP/M.KOMINFO/09/ 2009	Cellular Mobile Network (2.1 GHz radio frequency spectrum for 1 block (2 x 5 Mhz) of 3G Frequency (***)	September 1, 2009

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PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/6***

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1. GENERAL (continued)

a. The Company's establishment (continued)

Operating services frequency spectrum licenses (continued)

License	License No.	Description	Effective date
Indosat Tbk (continued) License for Radio Frequency Band	No. 181/KEP/ M.KOMINFO/12/2006	Allocation of two nationwide frequency channels, i.e., channels 589 and 630 in the 800 MHz spectrum for Local Fixed Wireless Network Services with Limited Mobility.	December 12, 2006
License for Radio Frequency Band	KEP No. 799, Year 2014 (****)	Allocation of the use of frequency 800 MHz with radio frequency band of 887.5 - 890 MHz paired with radio frequency band of 932.5 - 935 MHz.	September 12, 2014

Other licenses

License	License No.	Description	Effective date
"Indosat m-wallet" prepaid cards	Letter No. 10/14/DASP from Bank Indonesia	Approval for "Indosat m-wallet" prepaid cards as a new means of making payments to certain merchants. The Company was also appointed as a special principal and technical acquirer for such prepaid cards.	January 9, 2008 On November 19, 2009, the Company launched "Indosat m-wallet" to the public.
"Money remittance provider"	Letter No. 12/67/DASP/25 from Bank Indonesia	Approval to become a "money remittance provider" to customers in the local and international markets.	September 3, 2010
Issuer Identification Number (IIN)	Letter No. 2619/BSN/D3-d3/12/2010 from the National Standardization Bureau	The Company obtained Issuer Identification Number (IIN) on its applications for "Indosat m-wallet" and "money remittance". On March 23, 2011, the President of the Republic of Indonesia issued Regulation or Peraturan Pemerintah ("PP") No. 3 year 2011 regarding money remittance. This regulation becomes the operational guidance for the Company as a "money remittance provider".	December 13, 2010

(*) For every license, an evaluation is performed every five years
(**) PT Indosat Mega Media was obliged to, among others, pay upfront fee of Rp18,408 and annual radio frequency fee.
(***) The Company was obliged to, among others, pay upfront fee of Rp320,000 each block and annual radio frequency fee.
(****) Effective on June 30, 2015, the Company ceased its fixed wireless access services and utilized the frequency spectrum for cellular network.

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

1. GENERAL (continued)

b. The Company's Public Offerings

On September 23, 1994, the Company obtained the effective statement from the Capital Market Supervisory Agency ("BAPEPAM") to conduct the initial public offering in the Jakarta Stock Exchange through BAPEPAM Letter No. S-1656/PM/1994 and in the New York Stock Exchange of its 362,425,000 B shares, consisting of 22,510,870 American Depositary Shares (ADS, each representing 10 B Shares) and 103,550,000 B shares from the divestment of the B shares owned by the Government. The Company's B Shares have been registered in the Indonesia Stock Exchange (new entity after the merger of the Jakarta Stock Exchange and the Surabaya Stock Exchange in November 2007) since 1994, while the Company's ADS were listed in the New York Stock Exchange from 1994 until May 17, 2013. On July 25, 2014, the Company filed a 15F Form to the U.S. Securities and Exchange Commission ("SEC") to terminate the registration of its ADS in accordance with the U.S. Securities Exchange Act of 1934 ("Act"). As there were no objections from the SEC within 90 days after the Company filed its 15F Form, the termination of such registration was considered to have been effective under the Act.

Based on a resolution at their EGMS held on March 8, 2004, the Company's stockholders approved the split of the nominal value of the Company's B shares from Rp500 to Rp100 (full amount), resulting in the increase in the number of authorized shares from 4,000,000,000 to 20,000,000,000 shares and in the number of issued and fully paid-up shares from 1,035,500,000 to 5,177,500,000 shares.

During the period of August 1, 2004 to December 31, 2006, the Company had issued additional 256,433,500 B shares in connection with the exercise of its Employee Stock Option Program ("ESOP") Phases I and II. The ESOP program was approved in the Company's Annual General Meeting of Shareholders ("AGMS") held on June 26, 2003.

As of December 31, 2015, the outstanding bonds issued to the public by the Company and traded on the Indonesia Stock Exchange (Notes 18 and 19) were as follows:

Bond	Effective date
Fifth Indosat Bonds in Year 2007 Series B	May 29, 2007
Seventh Indosat Bonds in Year 2009	December 8, 2009
Indosat Sukuk Ijarah IV in Year 2009	December 8, 2009
Eighth Indosat Bonds in Year 2012	June 27, 2012
Indosat Sukuk Ijarah V in Year 2012	June 27, 2012
Shelf Registration Indosat Bond I Phase I in Year 2014	December 12, 2014
Shelf Registration Indosat Sukuk Ijarah I Phase I in Year 2014	December 12, 2014
Shelf Registration Indosat Bond I Phase II in Year 2015	June 4, 2015
Shelf Registration Indosat Sukuk Ijarah I Phase II in Year 2015	June 4, 2015
Shelf Registration Indosat Bond I Phase III in Year 2015	December 8, 2015
Shelf Registration Indosat Sukuk Ijarah I Phase III in Year 2015	December 8, 2015

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PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/8***

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1. GENERAL (continued)

c. Directors, Commissioners and Audit Committee

The composition of the Company's Board of Commissioners and Board of Directors as of December 31, 2015 and 2014, was as follows:

Board of Commissioners	December 31, 2015	December 31, 2014
President Commissioner	Dr. Nasser Mohammed Marafih	H.E Sheikh Abdulla bin Mohammed S.A. Al-Thani
Commissioner	Ahmed Yousef Ebrahim Al Derbesti	Dr. Nasser Mohammed Marafih
Commissioner	Khalid Ibrahim A. Al Mahmoud	-
Commissioner	Richard Farnsworth Seney(i)	Richard Farnsworth Seney(i)
Commissioner	Astera Primanto Bhakti	-
Commissioner	Elisa Lumbantoruan(i)	-
Commissioner	Chris Kanter	Chris Kanter(i)
Commissioner	Cynthia Alison Gordon	Cynthia Alison Gordon
Commissioner	Wijayanto Samirin(i)	Soeprapto(i)
Commissioner	Beny Roelyawan	Beny Roelyawan

(i) Independent Commissioner

Refer to Note 37 in relation to changes in the composition of the Board of Commissioners.

Board of Directors	December 31, 2015	December 31, 2014
President Director and Chief Executive Officer	Alexander Rusli	Alexander Rusli(ii)
Director and Chief Financial Officer	Caba Pinter	Curt Stefan Carlsson
Director and Chief Sales and Distribution Officer	Joy Wahjudi(ii)	Joy Wahjudi
Director and Chief Technology Officer	John Martin Thompson	John Martin Thompson
Director and Chief Wholesale and Enterprise Officer	Herfini Haryono	Fadzri Sentosa

(ii) Appointed as independent director to comply with Regulation 1-A of the Indonesia Stock Exchange.

The composition of the Company's Audit Committee as of December 31, 2015 and 2014 was as follows:

	December 31, 2015	December 31, 2014
Chairman	Richard Farnsworth Seney	Richard Farnsworth Seney
Member	Elisa Lumbantoruan	Chris Kanter
Member	Unggul Saut Marupa Tampubolon	Unggul Saut Marupa Tampubolon
Member	Kanaka Puradiredja	Kanaka Puradiredja

The Company and its subsidiaries (the "Group") have approximately 4,320 and 4,185 employees, including non-permanent employees, as of December 31, 2015 and 2014, respectively.

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1. GENERAL (continued)

d. Structure of the Company's Subsidiaries

As of December 31, 2015 and 2014, the Company had direct and indirect ownership in the following subsidiaries:

Name of subsidiary/location	Principal activity	Start of commercial operations	Ownership (%) 2015	2014
Indosat Palapa Company B.V. ("IPBV")(1) / Amsterdam	Finance	2010	100.00	100.00
Indosat Mentari Company B.V. ("IMBV")(1) / Amsterdam	Finance	2010	100.00	100.00
Indosat Singapore Pte. Ltd. ("ISPL") / Singapore	Telecommunication	2005	100.00	100.00
PT Indosat Mega Media ("IMM") / Jakarta	Multimedia	2001	99.85	99.85
PT Interactive Vision Media ("IVM")(2) / Jakarta	Pay TV	-	99.83	99.83
PT Starone Mitra Telekomunikasi ("SMT")(4) / Semarang	Telecommunication	2006	99.94	84.08
PT Aplikanusa Lintasarta ("Lintasarta") / Jakarta	Data Communication	1989	72.36	72.36
PT Lintas Media Danawa ("LMD")(3) / Jakarta	Information and Communication Services	2009	50.65	50.65
PT Artajasa Pembayaran Elektronis ("APE")(3) / Jakarta	Telecommunication	2001	39.80	39.80
PT Portal Bursa Digital ("PBD") (5) / Jakarta	Digital Telecommunication	2015	62.00	-

Name of subsidiary	Total Assets (Before Eliminations) December 31, 2015	December 31, 2014
IPBV(1)	57,607	8,317,283
IMBV(1)	1,709,151	8,308,978
ISPL	113,653	99,352
IMM	996,624	907,250
IVM(2)	6,450	6,054
SMT(4)	100,490	247,102
Lintasarta	2,721,869	2,399,323
LMD(3)	5,148	6,960
APE(3)	568,146	497,653
PBD(5)	51,954	-

(1). IPBV and IMBV were incorporated in Amsterdam on April 28, 2010 to engage in treasury activities, to lend and borrow money, whether in the form of securities or otherwise, to finance enterprises and companies, and to grant security in respect of their respective obligations or those of their Group companies and third parties. Based on their circular resolution No. 10 dated August 11, 2015, the Board of Commissioners approved the dissolution of IPBV and IMBV. Subsequently in March 2016, IMBV was liquidated. While, the liquidation of IPBV is in progress.

(2). IVM, a subsidiary of IMM, was established on April 21, 2009 to engage in Pay TV services. IMM made capital injections to IVM on March 9 and 30, 2011 totaling Rp4,999. On July 12, 2011, IVM obtained the license to conduct its Pay TV services. However, as of December 31, 2015, IVM has not started its commercial operations.

(3). Lintasarta has direct 55% and 70% ownership in APE and LMD, respectively.

(4). On July 11, 2013, the Company made additional capital injection to SMT amounting to Rp16,549, resulting in the increase of the Company's ownership in SMT from 72.54% to 84.08%. On June 30, 2015, the Company entered into an early termination agreement for Fixed Wireless Access (FWA/CDMA) revenue sharing arrangement between the Company and SMT. On September 29 and October 5, 2015, the Company made additional capital injection to SMT amounting to Rp2,285 and Rp200, respectively, resulting in the increase of the Company's ownership in SMT to 99.94%.

(5). PBD was established on February 12, 2015 in Jakarta as a collaboration between the Company and Smaato Inc., which is engaged in the web portal. The Company made an initial capital injection amounting to Rp1,606 which represented 51.40% of ownership. Furthermore, on May 18, 2015, the Company made additional capital injection to PBD amounting to Rp34,383, which increased the Company's ownership in PBD to 62.00%.

e. Merger of the Company, Satelindo, Bimagraha and IM3

Based on Merger Deed No. 57 dated November 20, 2003 ("merger date") of Poerbaningsih Adi Warsito, S.H., the Company, Satelindo, PT Bimagraha Telekomindo ("Bimagraha") and PT Indosat Multi Media Mobile ("IM3") agreed to merge. The Company is the surviving entity. All assets and liabilities owned by Satelindo, Bimagraha and IM3 were transferred to the Company on the merger date. These three companies were dissolved without the need to undergo the regular liquidation process. The differences arising from the above merger and the acquisition of Satelindo in 2001 were recorded in equity as "Other equity component".

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PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/10***

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1. GENERAL (continued)

e. Merger of the Company, Satelindo, Bimagraha and IM3 (continued)

The names "Satelindo" and "IM3" in the following notes refer to these entities before they were merged with the Company, or as the entities that entered into contractual agreements that were taken over by the Company as a result of the merger.

f. Approval and authorization for the issuance of the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which were approved and authorized for issuance by the Board of Directors of the Company on March 21, 2016, as reviewed and recommended for approval by the Audit Committee of the Company on such date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which comprise the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants ("DSAK"), and the Regulation No. VIII.G.7 regarding the "Presentation and Disclosures of Financial Statements of Issuers or Public Companies" issued by BAPEPAM-LK as enclosed in the Decision Letter No. KEP-347/BL/2012 of the Chief of BAPEPAM-LK.

The consolidated financial statements, except for the consolidated statement of cash flows, have been prepared on the historical cost concept and accrual basis, except as disclosed in the relevant notes herein.

The consolidated statement of cash flows, which has been prepared using the direct method, presents receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities.

The preparation of the consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where judgements and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of presentation of consolidated financial statements (continued)

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The reporting currency used in the consolidated financial statements is the Indonesian Rupiah, which is also the Company's functional currency.

Figures in the consolidated financial statements are rounded in millions of Rupiah, and where applicable, in thousands of United States Dollar unless otherwise stated.

Changes to the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Statements of Financial Accounting Standards ("ISAK")

The following standards have been adopted by the Group for the financial year beginning on or after January 1, 2015 and have a material impact on the Group's financial statements:

- Amendment to PSAK 1, "Presentation of Financial Statements", regarding other comprehensive income. The main change resulting from these amendment is the requirement to group items presented in 'other comprehensive income' ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustment).

- Amendment to PSAK 60, "Financial Instruments: Disclosures", to enhance disclosures related to offsetting.

- PSAK 67, "Disclosure of Interests in Other Entities". PSAK 67 requires certain additional disclosures related to interests in subsidiary, joint venture and associate, which have been disclosed in Note 2b. This standard has no impact on the recognition and measurement of the Group's investment.

- PSAK 68, "Fair Value Measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other PSAKs.

- PSAK 24 (revised 2013) "Employee Benefits". The changes on the Group's accounting policies have been: to immediately recognize all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). In addition, all actuarial gains or losses related to post-employment benefit obligations are recognized as other comprehensive income. See Note 2c for the impact on the consolidated financial statements.

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PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/12***

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of presentation of consolidated financial statements (continued)

Changes to the Statements of Financial Accounting Standards (“PSAK”) and Interpretations of Statements of Financial Accounting Standards (“ISAK”) (continued)

The adoption of the following revised accounting standards and interpretations of the accounting standards, which are effective from 1 January 2015, did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current year consolidated financial statements:

- PSAK 4 (revised 2013) “Separate financial statements”
- PSAK 15 (revised 2013) “Investments in associates and joint ventures”
- PSAK 46 (revised 2014) “Income taxes”
- PSAK 48 (revised 2014) “Impairment of assets”
- PSAK 50 (revised 2014) “Financial instruments: presentation”
- PSAK 55 (revised 2014) “Financial instruments: recognition and measurement"
- PSAK 65 (revised 2014) “Consolidated financial statements”
- PSAK 66 “Joint arrangements”
- ISAK 26 “Reassessment of embedded derivatives”
- ISAK 15 (revised 2015) “The limit on a defined benefit asset”
- Withdrawal of PSAK 12 (revised 2009) “Interest in joint venture”
- Withdrawal of ISAK 7 "Consolidation - special purpose entities"
- Withdrawal of ISAK 12 "Jointly controlled entities: Non-monetary contribution by venturers"

New standards, amendments and interpretations, which are relevant to the Group’s operations, issued but not yet effective are as follows:

Effective 1 January 2016:
- PSAK 4 (revised 2015) “Separate financial statements”
- PSAK 5 (revised 2015) “Operating segment”
- PSAK 7 (revised 2015) “Related party disclosure”
- PSAK 13 (revised 2015) “Investment properties”
- PSAK 15 (revised 2015) “Investment in associates and joint ventures”
- PSAK 16 (revised 2015) “Property, plant and equipment”
- PSAK 19 (revised 2015) “Intangible assets”
- PSAK 22 (revised 2015) “Business combination”
- PSAK 24 (revised 2015) “Employee benefits”
- PSAK 25 (revised 2015) “Accounting policies, changes in accounting estimates and errors”
- PSAK 65 (revised 2015) “Consolidated financial statements”
- PSAK 66 (revised 2015) “Joint arrangements”
- PSAK 67 (revised 2015) “Disclosure of interests in other entities”
- PSAK 68 (revised 2015) “Fair value measurement”
- ISAK 30 (revised 2015) “Levies”

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of presentation of consolidated financial statements (continued)

Changes to the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Statements of Financial Accounting Standards ("ISAK") (continued)

Effective 1 January 2017:
- PSAK 1 (revised 2015) "Presentation of financial statements"
- ISAK 31 (revised 2015) "Interpretation of PSAK 13: Investment properties"

As at the authorization date of these consolidated financial statements, the Group was still evaluating the potential impact of these new and revised standards to its consolidated financial statements.

b. Principles of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The acquisition method is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of acquisition. The excess of the aggregate of the consideration transferred, and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/14***

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation (continued)

Subsidiaries (continued)

Below is the summarized financial information (before elimination) for a subsidiary that has non-controlling interest that is material to the Group:

	Lintasarta and its subsidiaries	
	2015	2014 (As restated)
Summarized statement of financial position		
Current assets	1,230,297	1,220,916
Current liabilities	(378,064)	(296,302)
Total current net assets	852,233	924,614
Non-current assets	1,491,572	1,178,407
Non-current liabilities	(80,403)	(82,766)
Total non-current net assets	1,411,169	1,095,641
Net assets	2,263,402	2,020,255
Non-controlling interests	563,705	511,844
Summarized income statement		
Revenue	1,929,217	1,734,547
Profit before income tax	471,546	483,148
Income tax expense	(122,883)	(130,116)
Profit for the year	348,663	353,032
Total comprehensive income	354,445	350,357
Profit for the year attributable to non-controlling interests	82,293	77,219
Dividends paid to non-controlling interests	24,544	25,748
Summarized cash flows		
Net cash generated from operating activities	686,546	640,008
Net cash used in investing activities	(493,608)	(402,154)
Net cash used in financing activities	(128,426)	(111,966)
Effect of exchange rate on cash and cash equivalents	5,044	-
Net increase in cash and cash equivalents	69,556	125,888
Cash and cash equivalents at beginning of year	583,672	457,784
Cash and cash equivalents at end of year	653,228	583,672

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation (continued)

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill, if any, identified on acquisition.

The Group's shares of post-acquisition profits or loss are recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognized the amount in the profit or loss.

Unrealized gains on transactions between the Group and its associates are recognized to the extent of the unrelated investor's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset being transferred.

c. Restatement of consolidated financial statements

Effective January 1, 2015, the Group has retrospectively adopted PSAK 24 (Revised 2013): "Employee Benefits".

This PSAK provides, among others, (i) the elimination of the "corridor approach" permitted under the previous version and (ii) significant changes in the recognition, presentation and disclosure of post-employment benefits which, among others, are as follows:

- Actuarial gains and losses are now required to be recognized in other comprehensive income (OCI) and excluded permanently from profit or loss.

- Expected return on plan assets will no longer be recognized in profit or loss. Expected returns are replaced by recognizing interest income (or expense) on the net defined benefit asset (or liability) in profit or loss, which is calculated using the discount rate used to measure the pension obligation.

- Unvested past service costs can no longer be deferred and recognized over the future vesting year. Instead, all past service costs will be recognized at the earlier of when the amendment/curtailment occurs or when the Group recognizes related restructuring or termination costs.

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PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/16***

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Restatement of consolidated financial statements (continued)

The impacts of the restatement are as follows:

As of January 1, 2014:

	January 1, 2014 (As previously reported)	Restatement adjustments	January 1, 2014 (As restated)
ASSETS			
Current assets			
Current portion of prepayments:			
- Prepaid expenses - others	58,440	(37)	58,403
Non-current assets			
Deferred tax asset - net	96,057	5,796	101,853
Long-term prepayments:			
- Prepaid expenses - others	115,957	41,988	157,945
Other non-current assets - net	135,901	(2,592)	133,309
LIABILITIES			
Current liabilities			
Short-term employee benefit obligations	337,312	(340)	336,972
Non-current liabilities			
Deferred tax liabilities - net	893,285	91,391	984,676
Long-term employee benefit obligations - net of current portion	1,046,414	(299,443)	746,971
EQUITY			
Retained earnings:			
Unappropriated	12,877,143	37,340	12,914,483
Remeasurement gains on defined benefit plans	-	222,054	222,054
Non-controlling interests	603,435	(5,847)	597,588

As of December 31, 2014:

	December 31, 2014 (As previously reported)	Restatement adjustments	December 31, 2014 (As restated)
ASSETS			
Current assets			
Current portion of prepayments:			
- Prepaid expenses - others	72,699	(708)	71,991
Non-current assets			
Deferred tax asset - net	85,181	6,876	92,057
Long-term prepayments:			
- Prepaid expenses - others	109,152	11,652	120,804
Other non-current assets - net	132,143	(2,964)	129,179
LIABILITIES			
Current liabilities			
Short-term employee benefit obligations	332,158	(35)	332,123
Non-current liabilities			
Deferred tax liabilities - net	662,929	42,988	705,917
Long-term employee benefit obligations - net of current portion	1,091,315	(130,688)	960,627
EQUITY			
Retained earnings:			
Unappropriated	10,889,973	16,146	10,906,119
Remeasurement gains on defined benefit plans	-	92,268	92,268
Non-controlling interests	686,542	(5,823)	680,719

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Restatement of consolidated financial statements (continued)

For the year ended December 31, 2014:

	2014 (As previously reported)	Restatement adjustments	2014 (As restated)
EXPENSE			
Personnel	(1,712,518)	(26,109)	(1,738,627)
INCOME TAX BENEFIT	77,901	5,902	83,803
(LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent	(1,987,170)	(21,194)	(2,008,364)
Non-controlling interests	129,148	987	130,135
OTHER COMPREHENSIVE INCOME (LOSS)			
Remeasurement gains (losses) on defined benefit plans	-	(174,332)	(174,332)
Income tax effect	-	43,583	43,583
	-	(130,749)	(130,749)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (full amount)	(365.70)	(3.90)	(369.60)

d. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash in banks and all unrestricted time deposits (including deposits on call) with original maturities of three months or less at the time of placement.

Time deposits which are pledged as collateral for bank guarantees are not classified as part of “Cash and Cash Equivalents”. These are presented as “Restricted Cash”.

e. Inventories

Inventories, which mainly consist of Subscriber Identification Module (“SIM”) cards, starter packs, broadband modems, cellular handsets and pulse reload vouchers, are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses. Cost is determined using the weighted average method.

A provision for impairment of inventory is determined on the basis of the estimated future sales of individual inventory items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property and equipment

Property and equipment are stated at cost which includes freight costs, handling costs, site preparation costs, installation costs, internal labor costs, and certain capitalized borrowing costs incurred during the construction phase, less accumulated depreciation (except landrights) and impairment in value. Landrights, including the legal costs incurred at initial acquisition of landrights, are stated at cost and not amortized. Specific costs associated with the renewal or extension of land titles are deferred and amortized over the legal term of the landrights or economic life of the land, whichever is shorter.

Depreciation is applied from the date the assets are put into service or when the assets are ready for service, using the straight-line method over their estimated useful lives, as follows:

	Years
Buildings	20 to 40
Information technology equipment	3 to 5
Office equipment	3 to 5
Building and leasehold improvements	3 to 25
Vehicles	3 to 5
Cellular technical equipment	8
Transmission and cross-connection equipment	3 to 15
Fixed Wireless Access (“FWA”) technical equipment	7
Operation and maintenance center and measurement unit	3 to 5
Fixed access network equipment	3 to 10

The cost of maintenance and repairs is charged to profit or loss as incurred; significant renewals and betterments which enhance an asset’s condition on its initial performance are capitalized. When property and equipment are retired or otherwise disposed of, their costs and the related accumulated depreciation are derecognized from the accounts and any resulting gains or losses are recognized in profit or loss.

Property and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values unless: (i) the exchange transaction lacks commercial substance, or (ii) the fair value of neither the assets received nor the assets given up can be measured reliably. The acquired assets are measured at fair value even if the Group cannot immediately derecognize the assets given up. If the acquired assets cannot be reliably measured at fair value, their value is measured at the carrying amount of the assets given up plus cash consideration.

The accumulated costs of the construction of buildings and the installation of equipment are capitalized as assets under construction and installation. These costs are reclassified to property and equipment when the construction or installation is complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property and equipment (continued)

Assets under construction and installation are stated at cost, which may includes borrowing costs. All borrowing costs such as interest, finance charges in respect of finance leases and foreign exchange differences (estimated quarterly to the extent that they are regarded as an adjustment to interest costs by capping the exchange differences taken as borrowing costs at the amount of borrowing costs on the functional currency equivalent borrowings) that can be attributed to qualifying assets, are capitalized to the cost of property and equipment under construction and installation. Other borrowing costs are recognized as an expense in the period in which they are incurred. Capitalization of borrowing costs ceases when the construction or installation is completed and the constructed or installed asset is ready for its intended use.

g. Intangible assets

a) Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss. Goodwill on acquisitions of subsidiaries is included in “Goodwill and intangible assets”.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

b) Other intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. The Group’s intangible assets have finite useful lives and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method.

These consolidated financial statements are originally issued in the Indonesian language.
PT INDOSAT Tbk AND SUBSIDIARIES ***Schedule 5/20***

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014
AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Intangible assets (continued)

b) *Other intangible assets* (continued)

Other intangible assets are amortized using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Customer base	
- Prepaid	6
- Post-paid	5
Spectrum license	5
Brand	8
Non-integrated software	5

h. Impairment of non-financial assets

Goodwill is not subject to amortization but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Reversal on impairment loss for assets other than goodwill would be recognized if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment test was carried out. Reversal on impairment losses will be immediately recognized on profit or loss. Impairment losses relating to goodwill would not be reversed.

i. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Group as a lessee

A finance lease that transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, is capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in financing cost in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Leases (continued)

Group as a lessee (continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

A lease in which the Group does not transfer substantially all the risks and benefits of the ownership of an asset is classified as an operating lease. Contingent rents, if any, are recognized as revenue in the year they are earned.

A lease in which the Group transfers substantially all the risks and benefits of the ownership of an asset is classified as a finance lease. The leased asset is recognized as asset held under a finance lease in the consolidated statement of financial position and is presented as a receivable at an amount equal to the net investment in the lease.

Sale-and-leaseback transactions

When the Group enters into a sale-and-leaseback transaction, the Group analyzes if the leaseback arrangement meets the criteria of a finance lease or operating lease. Where the classification results in a finance lease, any excess of sales proceeds over the carrying value of the asset sold is deferred and amortized over the lease term. Where the transaction is classified as an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately.

j. Revenue and expense recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT"). The following specific recognition criteria must also be met before revenue is recognized:

Cellular

Cellular revenues arising from airtime and roaming calls are recognized based on the duration of successful calls made through the Company's cellular network and presented on a gross basis, while value added service revenue is presented on a net basis after compensation to content providers.

For post-paid subscribers, monthly service fees are recognized as the service is provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Revenue and expense recognition (continued)

Cellular (continued)

Sales of initial/reload vouchers are recorded as unearned revenue and recognized as revenue upon usage of the airtime or upon expiration of the airtime.

Sales of cellular handsets and broadband modems are recognized upon delivery to the customers.

Revenues from wireless broadband data communications are recognized based on the duration of usage or fixed monthly charges depending on the arrangement with the customers.

Customer loyalty program

The customer loyalty program allows customers to accumulate points for every reload and payment by the prepaid and post-paid subscribers, respectively. The points could then be redeemed for free telecommunications and non-telecommunications products, subject to a minimum number of points being obtained.

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they were granted. The Company records a liability at the time of reload and payment by its prepaid and post-paid subscribers, respectively, based on the fair value expected to be incurred to supply products in the future. The consideration received is allocated between the cellular products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points issued is deferred and recognized as revenue when the points are redeemed, the redemption year expired or when the program is terminated.

Dealer incentives

Consideration in the form of sales discount given by the Company to a dealer is recognized as a reduction of revenue.

If the Company receives an identifiable benefit in exchange for a consideration given by the Company to a dealer, and the fair value of such benefit can be reasonably estimated, the consideration will be recorded as a marketing expense.

Tower leasing

Revenue arising from tower leasing classified as an operating lease is recognized on the straight-line basis over the lease term based on the amount stated in the agreement between the Company and the lessee.

Multiple-element arrangements

Where two or more revenue-generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of accounting is accounted for separately. The total revenue is allocated to each separately identifiable component based on the relative selling prices of each component and the appropriate revenue recognition criteria are applied to each component as described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Revenue and Expense Recognition (continued)

MIDI

Internet

Revenues from installation services are deferred and recognized over the expected average year of the customer relationship. Revenues from monthly service fees are recognized as the services are provided. Revenues from usage charges are recognized monthly based on the duration of internet usage or based on the fixed amount of charges, depending on the arrangement with the customers.

Internet Protocol Virtual Private Network (IP VPN), Multiprotocol Label Switching (MPLS), Frame Net, World Link and Direct Link

Revenues arising from installation services are deferred and recognized over the expected average year of the customer relationship. Revenues from monthly service fees are recognized as the services are provided.

Satellite operating lease

Revenues are recognized on the straight-line basis over the lease term.

Revenues from other MIDI services are recognized when the services are rendered.

Fixed telecommunications

International calls

Revenue from outgoing international call traffic is reported on a gross basis.

Fixed wireless

Fixed wireless revenues arising from usage charges are recognized based on the duration of successful calls made through the Company's fixed network.

For post-paid subscribers, monthly service fees are recognized as the services are provided.

For prepaid subscriber, sale of initial/reload vouchers is recorded as unearned revenue and recognized as income upon usage of the airtime or upon expiration of the airtime.

Fixed line

Revenues from fixed line installations are deferred and recognized over the expected average year of the customer relationship. Revenues from usage charges are recognized based on the duration of successful calls made through the Company's fixed network.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Revenue and Expense Recognition (continued)

Interconnection revenue

Revenues from network interconnection with other domestic and international telecommunications carriers are recognized monthly on the basis of the actual recorded traffic for the month.

Agency relationships

Revenues from agency relationship are recorded based on the gross amount billed to the customer when the Group acts as a principal in the sale of services.

When the Group acts as an agent and earns commission from the supplier of the service, revenue is recorded based on the net amount retained (the amount paid by the customer less the amount paid to the supplier).

Expenses

Interconnection expenses

Expenses from network interconnection with other domestic and international telecommunications carriers are accounted for as operating expenses in the period these are incurred.

Other Expenses

Expenses are recognized when they are incurred.

k. Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring and involves the payment of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

l. Employee Benefits

Short-term employee benefits

Short-term employee benefits are recognised when they are accrued to the employees.

Pension plan

Pension costs under the Group’s defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate, annual rate of increase in compensation and other actuarial assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Employee Benefits (continued)

Pension plan

All remeasurements, comprising of actuarial gains and losses, and the return of plan assets (excluding net interest) are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit and surplus. Remeasurements are not reclassified to profit or loss in subsequent periods. The Group transfers those amounts recognized in other comprehensive income within equity, which is presented as remeasurement gain (loss) on defined benefit plan.

All past service costs are recognized at the earlier of when the amendment/curtailment occurs and when the related restructuring or termination costs are recognized.

The interest cost is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting year.

Post-retirement healthcare benefits

The Company provides post-retirement healthcare benefits to certain eligible retirees. The expected costs of these benefits are accrued over the year of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

Other long-term employee benefits

The Group provides long service awards and leave benefits for some of its employees. The entitlements to these benefits are usually based on the completion of a certain service year by the employees in accordance with the Collective Labor Agreement. The estimated costs of these benefits are recognized over the year of employment. These benefits are accounted for using the same methodology as for the defined benefit pension plan, except for actuarial gains and losses which are recognized in profit or loss.

m. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Financial assets

<u>*Initial recognition*</u>

Financial assets within the scope of PSAK 55 (Revised 2014) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

1. Financial assets (continued)

Initial recognition (continued)

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

The Group's financial assets include cash and cash equivalents, trade and other accounts receivable, due from related parties, derivative assets, and other current and non-current financial assets (quoted and unquoted financial instruments).

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through profit or loss

  Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value, with changes in fair value recognized in profit or loss. Asset in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

  The Group's financial assets classified at fair value through profit or loss consist of derivative assets.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss. The losses arising from impairment are also recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

1. *Financial assets* (continued)

Subsequent measurement (continued)

- Loans and receivables (continued)

  The Group's cash and cash equivalents, trade and other accounts receivable, due from related parties, other current financial assets and other non-current financial assets are included in this category. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets.

- Available-for-sale (AFS) financial assets

  AFS financial assets are non-derivative financial assets that are designated as available- for-sale or are not classified in any of the three other categories. They are included in non-current assets unless the investment matures or management intends to dispose within 12 months from the end of the reporting year. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss is recognized, or determined to be impaired, and is reclassified from other comprehensive income to profit or loss.

  The Group has the following investments classified as AFS:

  - Investments in shares of stock that do not have readily determinable fair value in which the equity interest is less than 20%. These are carried at cost less allowance for impairment.

  - Investments in shares of stock that have readily determinable fair value in which the equity interest is less than 20% and which are classified as available-for-sale. These are recorded at fair value.

  The Group's financial assets classified as AFS is presented as part of "long-term investments".

2. *Financial liabilities*

Initial recognition

Financial liabilities within the scope of PSAK 55 (Revised 2014) are classified as financial liabilities at fair value through profit or loss, and loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

2. Financial liabilities (continued)

<u>*Initial recognition*</u> (continued)

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

The Group's financial liabilities include trade accounts payable, procurement payable, accrued expenses, loans and bonds payable, due to related parties, derivative liabilities and other current and non-current financial liabilities.

<u>*Subsequent measurement*</u>

The measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PSAK 55 (Revised 2014). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in profit or loss.

- Loans and borrowings

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. The EIR amortization is included in finance costs in profit or loss.

  Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

- Sharia bond

  Sharia bond is recognized initially at nominal, adjusted with premium or discount and the related transaction costs incurred. Any differences between carrying amount and nominal value is recognized in the profit or loss as sharia bond issuance costs using the straight-line method during the period of sharia bond.

  Sharia bond, adjusted with premium or discount and unamortized transaction costs, is presented as part of liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

3. Derivative financial instruments and hedging activities

The Company enters into and engages in cross currency swaps, interest rate swaps and forward foreign exchange contracts, if considered necessary, for the purpose of managing its foreign exchange and interest rate exposures emanating from the Company's loans and bonds payable in foreign currencies. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as hedges of the interest rate risk associated with a recognized liability (cash flow hedge).

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges for accounting purposes and that are effective, are recognized in other comprehensive income within "cash flows hedging reserve". When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss in other comprehensive income is recognized in the profit or loss.

Changes in the fair value of derivatives that do not meet the criteria of hedging for accounting purposes are recorded immediately in the profit or loss within "gain (loss) on change in fair value of derivatives - net".

4. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

5. Amortized cost of financial instruments

Amortized cost is computed using the EIR method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the EIR.

6. Impairment of financial assets

The Group assesses at the end of each reporting year whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

- Financial assets carried at amortized cost

  For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the profit or loss. If a loan has a floating interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

  If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the profit or loss.

- AFS financial assets

  In the case of an equity investment classified as an AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

6. *Impairment of financial assets* (continued)

- AFS financial assets (continued)

  Where there is objective evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is recycled from other comprehensive income to profit or loss. Impairment loss on equity investment is not reversed through profit or loss; increase in its fair value after impairment is recognized in other comprehensive income.

7. *Derecognition of financial assets and liabilities*

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

8. *Fair value of financial instruments*

The Group measures financial instruments, including derivatives, at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in Notes 17, 18 and 19.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

8. *Fair value of financial instruments* (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Financial Instruments (continued)

8. Fair value of financial instruments (continued)

Credit risk adjustment

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

n. Foreign Currency Transactions and Balances

The Group considers the primary indicators and other indicators in determining its functional currency. If indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The consolidated financial statements are presented in rupiah, which is the Company’s functional currency and presentation currency. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At consolidated statement of financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing exchange rates at such date and the resulting gains or losses are credited or charged to current operations, except for foreign exchange differentials that can be attributed to qualifying assets which are capitalized to properties under construction and installation.

The functional currency of certain subsidiaries is the U.S. Dollar. As at the end of the reporting year, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the spot rate which is the exchange rate prevailing at the end of the reporting year and their statements of comprehensive income are translated at the average exchange rates during the year. The resulting differences arising from the translations of the financial statements of these subsidiaries are included in other comprehensive income and presented as part of “Difference in Foreign Currency Translation”.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are classified as part of other income or expenses while all other foreign exchange gains and losses are classified as part of operating expenses.

As of December 31, 2015 and 2014, the foreign exchange rates used (in full amounts) were Rp13,795 and Rp12,440 respectively, per US$1, which represents the middle rate published by Bank Indonesia.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Income Tax

The tax expense comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted as at reporting period and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses carried forward can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

p. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

A segment is a distinguishable component of the Group that is engaged in providing certain products (business segment), which component is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-segment balances and transactions are eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Basic and Diluted Earnings (Loss) per Share

The amount of basic earnings (loss) per share is computed by dividing profit (loss) for the year attributable to owners of the Parent by the weighted-average number of shares outstanding during the year.

There were no potentially dilutive shares as of December 31, 2015 and 2014.

r. Transactions with Related Parties

The Group has transactions with related parties as defined under PSAK 7 (Revised 2010), “Related Party Disclosures” and BAPEPAM-LK Regulation No.VIII.G.7 regarding the “Presentation and Disclosures of Financial Statements of Issuers or Public Companies” as enclosed in the Decision Letter No. KEP-347/BL/2012. Based on this BAPEPAM-LK Regulation No.VIII.G.7, government related entities are entities which are controlled, jointly controlled, or materially affected by the Government. The government, a stockholder of the Company, is the Minister of Finance or Regional Government.

The details of the accounts and the significant transactions entered into with related parties are presented in Note 31.

s. Provision

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. A provision is not recognized for future operating losses.

3. MANAGEMENT’S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future years.

a. Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those including estimations and assumptions, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- *Determination of functional currency*

  The functional currency of each of the entities in the Group is the currency of the primary economic environment in which each entity operates. It is the currency that mainly influences the revenue and cost of rendering services.

3. MANAGEMENT'S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgements (continued)

- *Leases*

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in Note 2i. Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

The classification as a finance lease or operating lease determines whether the leased asset is capitalized and recognized in the consolidated statement of financial position.

The Group has various lease agreements where the Group acts as either a lessee or lessor in respect of certain assets. The Group evaluates whether significant risks and rewards of ownership of the leased asset are transferred to the lessee or retained by the Group based on PSAK 30, "Leases", which requires the Group to make judgements and estimates of transfer of risks and rewards of ownership of leased asset.

Tower leases

For tower leases, the unit of account is considered at the level of the slot or site space because the lease is dependent on the use of a specific space in the tower where the Company places its equipment.

- *Licenses*

In 2006, the Company was granted a license to use 2.1 GHz radio frequency spectrum (a 3G mobile communications technology) by the MOCIT. The Company was obliged to, among others, pay upfront fee and annual radio frequency fee for 10 years. The upfront fee is recorded as part of "Prepaid frequency fee and licenses" and amortized over the 10-year license term using the straight-line method.

In 2009, the Company received additional 3G license and IMM was granted an operating license for "Packet Switched" local fixed telecommunications network using 2.3 GHz radio frequency spectrum of Broadband Wireless Access ("BWA"). The Company and IMM were obliged to, among others, pay upfront fee and annual radio frequency fee for 10 years. The upfront fee is recorded as part of "Prepaid frequency fee and licenses" and amortized over the 10-year license term using the straight-line method.

3. MANAGEMENT'S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgements (continued)

- *Licenses* (continued)

  Management believes that the 3G and BWA licenses may be returned at any time without any financial obligation to pay the remaining outstanding annual radio frequency fees (i.e. the license arrangement does not transfer substantially all the risks and rewards incidental to ownership). Accordingly, the Group recognize the annual radio frequency fee as prepaid operating lease expense, amortized using the straight-line method over the term of the rights to operate the 3G and BWA licenses. Management evaluates its plan to continue to use the licenses on an annual basis which could affect the valuation of the prepaid expenses.

- *Impairment of non-financial assets*

  Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount calculation is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 12.

- *Exchange of asset transactions*

  During 2010 to 2013, the Group entered into several contracts for the exchange of assets of a third party supplier with certain existing cellular technical equipment of the Group. For the exchange of asset transactions, the Group evaluated whether the transactions contained commercial substance based on PSAK 16 (Revised 2011), "Property, Plant and Equipment", which requires the Group to make judgements and estimates of the future cash flow and the fair value of the asset received and given up as a result of the transactions. Management considers the exchange of asset transactions to have met the criteria of commercial substance; however, the fair value of neither the asset received nor the asset given up could be measured reliably, hence, their value was measured at the carrying amount of the asset given up plus cash consideration paid.

3. MANAGEMENT'S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgements (continued)

- *Provision for legal case*

  The Group has recently been involved in a significant legal case and subsequently obtained the Supreme Court's decision on the case (Note 20). Management currently decided to recognize a provision for legal case as the Supreme Court decision is considered final and binding. Such provision is made based on the amount stated in the Supreme Court's decision. However, management believes that there is still opportunity for further judicial review under the prevailing laws. It is possible that future financial performance could be materially affected by the result of the judicial review relating to the case.

b. Estimates and Assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are addressed below:

- *Determination of fair values of financial assets and financial liabilities*

  When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Determination of fair values of financial assets and liabilities are disclosed and further explained in Note 29.

- *Estimating useful lives of property and equipment and intangible assets*

  The Group estimates the useful lives of its property and equipment and intangible assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of property and equipment is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

3. MANAGEMENT'S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and Assumptions (continued)

- *Estimating useful lives of property and equipment and intangible assets* (continued)

  The amounts and timing of recorded expenses for any period are affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's property and equipment increases the recorded operating expenses and decreases non-current assets. An extension in the estimated useful lives of the Group's property and equipment decreases the recorded operating expenses and increases non-current assets.

- *Recoverability of deferred tax assets*

  The Group reviews the carrying amounts of deferred tax assets at the end of each reporting year and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting years. This forecast is based on the Group's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized.

- *Estimating provision for impairment loss on receivables*

  The level of a specific provision is evaluated by management on the basis of factors that affect the collectability of the accounts. In these cases, the Group uses judgement based on the best available facts and circumstances, including but not limited to, the length of the Group's relationship with the customers and the customers' credit status based on third-party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce the Group's receivables to amounts that it expects to collect. These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated.

  In addition to specific provision against individually significant receivables, the Group also recognizes a collective impairment provision against credit exposure of its debtors which are grouped based on common credit characteristics, and although not specifically identified as requiring a specific provision, have a greater risk of default than when the receivables were originally granted to the debtors.

  Any collective provision recognized is based on historical loss experience using various factors such as historical performance of the debtors within the collective group and judgements on the effect of deterioration in the markets in which the debtors operate and identified structural weaknesses or deterioration in the cash flows of debtors.

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3. MANAGEMENT'S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and Assumptions (continued)

- *Estimation of post-employment benefits cost and other long-term employee benefits cost*

  The cost of the Group's post-employment and other long-term employee benefits and the present value of those obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, ultimate cost trend rate, next year trend rate, period to reach ultimate cost trend rate, salary growth rate and mortality rates. Due to the complexities involved in the valuation and their long-term nature, the obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

  The parameter most subject to change are the discount rate and salary growth rate. In determining the appropriate discount rate, management considers the market yields (at the end of the reporting year) on government bonds and extrapolated as needed along the yield curve to correspond with the expected term of the obligation. Salary growth rate is based on expected future inflation, productivity and normal progress of employees within a given group and promotions.

  Further details about the assumptions used, including a sensitivity analysis, are presented in Note 30.

- *Revenue recognition*

  The Group's revenue recognition policies require making use of estimates and assumptions that may affect the reported amounts of revenues and receivables.

  The Company's agreements with domestic and foreign carriers for inbound and outbound traffic subject to settlements require traffic reconciliations before actual settlement is done, which may not be the actual volume of traffic as measured by the Company. Initial recognition of revenues is based on observed traffic adjusted by the normal experience adjustments, which historically are not material to the consolidated statement of profit or loss and comprehensive income. Differences between the amounts initially recognized and the actual settlements are taken up in the accounts upon reconciliation.

  However, there is no assurance that the use of such estimates will not result in material adjustments in future years.

  The Group recognizes revenues from installation fees and the corresponding costs over the expected average years of customer relationship for MIDI and fixed telecommunications services. The Group estimates the expected average year of customer relationship based on the most recent churn-rate analysis.

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3. MANAGEMENT'S USE OF SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and Assumptions (continued)

- *Uncertain tax exposure*

  In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities or recoverable amount of the claim for tax refund due to ongoing investigations by, or discussions with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK 57, *"Provisions, Contingent Liabilities and Contingent Assets"* and PSAK 46, *"Income Taxes".* The Group makes an analysis of all uncertain tax positions to determine if a tax liability for uncertain tax benefit or a provision for unrecoverable claim for tax refund should be recognized.

  The Group presents interest and penalties for the underpayment of income tax, if any, in Income Tax Expense - Current in profit or loss.

4. CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand		
Rupiah	1,444	1,893
U.S. Dollar	-	60
	1,444	1,953
Cash in banks		
Related parties (Note 31)		
Rupiah		
PT Bank Mandiri (Persero) Tbk ("Mandiri")	222,263	42,505
PT Bank Negara Indonesia (Persero) Tbk ("BNI")	25,572	9,003
PT Bank QNB Kesawan Tbk ("QNBK")	24,088	31,828
PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")	9,376	2,998
Others (each below Rp5,000)	17,449	13,296
U.S. Dollar		
Mandiri	54,148	35,912
QNBK	339	77
Third parties		
Rupiah		
PT Bank Danamon Indonesia Tbk (including Danamon Syariah) ("Danamon")	47,466	30,724
PT Bank CIMB Niaga Tbk (including CIMB Niaga Syariah) ("CIMB Niaga")	44,772	9,426
Others (each below Rp40,000)	53,758	57,521
U.S. Dollar		
ABN Amro Bank N.V., The Netherlands	57,487	95,680
Deutsche Bank AG Jakarta Branch ("DB")	42,511	37,249
Citibank N.A., Singapore Branch	15,131	57,911
Others (each below Rp40,000)	32,441	9,978
	646,801	434,108

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4. CASH AND CASH EQUIVALENTS (continued)

	2015	2014
Time deposits and deposits on call		
Related parties (Note 31)		
Rupiah		
QNBK	550,000	50,000
PT Bank Tabungan Negara (Persero) Tbk (“BTN”)	250,337	124,920
Mandiri	181,753	961,500
BRI	178,000	227,000
BNI	137,450	123,450
PT Bank Pembangunan Daerah Jawa Barat dan Banten Syariah	37,000	69,500
PT Bank Pembangunan Daerah Sumatera Barat	25,000	35,000
PT Bank Pembangunan Daerah Maluku	25,000	25,000
PT Bank Syariah Mandiri (“Mandiri Syariah”)	12,000	25,000
Others (each below Rp5,000)	4,500	4,500
U.S. Dollar		
QNBK	413,850	161,720
Mandiri	31,746	28,627
BNI	27,231	-
Third parties		
Rupiah		
PT Bank Bukopin Tbk (“Bukopin”)	130,000	100,000
PT Bank Muamalat Indonesia (“Muamalat”)	118,500	131,000
Danamon	100,000	47,000
CIMB Niaga	84,500	27,500
PT Bank Artha Graha Internasional Tbk	55,000	50,000
PT Bank Tabungan Pensiunan Nasional Tbk (including BTPN Syariah) (“BTPN”)	43,000	132,000
PT Bank Mega Tbk	40,000	41,000
PT Bank Mega Syariah	34,000	48,600
PT Bank Saudara Tbk (previously PT Bank Himpunan Saudara 1906 Tbk)	25,500	59,500
PT Bank MNC Internasional Tbk	4,500	83,000
Others (each below Rp40,000)	94,297	58,622
U.S. Dollar		
DB	337,449	398,411
Others (each below Rp40,000)	34,488	31,100
	2,975,101	3,043,950
	3,623,346	3,480,011

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS (continued)

Time deposits and deposits on call earned the following annual interest rates:

	2015	2014
Denominated in Rupiah	3.50% to 10.00%	3.75% to 11.50%
Denominated in U.S. Dollar	0.03% to 3.50%	0.02% to 3.50%

The interest rates on deposits on call and time deposits with related parties are comparable to those offered by third parties.

5. ACCOUNTS RECEIVABLE - TRADE

	2015	2014
Related parties (Note 31)		
- Telkom (including US$236 in 2015 and US$174 in 2014)	209,642	47,588
- Others (including US$2,890 in 2015 and US$2,592 in 2014)	329,747	495,797
Sub-total	539,389	543,385
Less: allowance for impairment	(28,850)	(24,433)
	510,539	518,952
Third parties		
- Local companies (including US$44,006 in 2015 and US$44,317 in 2014)	1,367,613	1,060,491
- Overseas international carriers (US$72,698 in 2015 and US$52,538 in 2014)	999,644	653,570
- Post-paid subscribers:		
Cellular	473,463	377,218
Fixed telecommunications	75,544	87,361
Sub-total	2,916,264	2,178,640
Less: allowance for impairment	(696,628)	(605,480)
	2,219,636	1,573,160
	2,730,175	2,092,112

The aging schedule of the accounts receivable - trade is as follows:

	2015		2014	
	Gross	Allowance for impairment	Gross	Allowance for impairment
Not past due	716,736	-	780,656	-
Past due:				
- up to 6 months	1,016,498	75,430	795,840	78,460
- above 6 months up to 12 months	574,252	62,502	164,774	59,710
- above 12 months up to 24 months	385,140	90,211	343,182	91,032
- more than 24 months	763,027	497,335	637,573	400,711
-				
	3,455,653	725,478	2,722,025	629,913

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5. ACCOUNTS RECEIVABLE - TRADE (continued)

The changes in the allowance for impairment of accounts receivable - trade are as follows:

	2015	2014
Balance at beginning of year	629,913	521,406
Provision - net	69,868	84,816
Net effect of foreign exchange adjustment	40,912	35,054
Write-offs	(15,215)	(11,363)
Balance at end of year	725,478	629,913
Individual impairment	191,506	120,382
Collective impairment	533,972	509,531
	725,478	629,913
Gross amount of individually assessed receivable before its impairment allowance	665,678	258,252

The Group has made provision for impairment of trade accounts receivable based on the collective assessment of historical impairment rates and individual assessment of its customers' credit history. The individually impaired receivables mainly relate to enterprise customers, which are either in difficult financial condition or other reasons. It was assessed that a portion of the receivables is expected to be recovered. The Group does not apply a distinction between related party and third party accounts receivable in assessing impairment of amounts past due. As of December 31, 2015 and 2014 the carrying amount of trade accounts receivable of the Group considered past due but not impaired amounted to Rp2,013,439 and Rp1,311,456, respectively.

Management believes that trade accounts receivable past due but not impaired, along with trade accounts receivable that are neither past due nor impaired, are due from customers with good credit history and are expected to be recoverable.

The net effect of foreign exchange adjustment was due to the strengthening or weakening of the Rupiah vis-à-vis the U.S Dollar in relation to U.S Dollar accounts previously provided with allowance and was charged or credited to "Loss on foreign exchange - net".

Information about the Group's exposure to credit risk is disclosed in Note 36.

Management believes the established allowance is sufficient to cover impairment of accounts receivable - trade.

6. DERIVATIVES

	2015		
	Notional amount (in US$)	**Derivative assets**	**Derivative liabilities**
Instruments			
Cash flow hedge:			
- Interest rate swap contract	100,000	1,030	-
Not designated as hedges:			
- Interest rate swap contracts	71,237	-	18,782
- Currency forward contracts	340,000	-	271,965
		1,030	290,747

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6. DERIVATIVES (continued)

	2014		
	Notional amount (in US$)	Derivative assets	Derivative liabilities
Instruments			
Not designated as hedges:			
- Interest rate swap contracts	71,237	-	26,999
- Currency forward contracts	433,000	75,986	4,741
		75,986	31,740

The net changes in the fair value of derivatives, swap cost, termination cost and settlement of derivative instruments for the years ended December 31, 2015 and 2014 totaling Rp244,520 and Rp101,927, respectively, were charged to “Loss on change in fair value of derivatives - net”, in profit or loss. Subsequently the settlement of currency forward contracts with total notional amount of US$340,000 resulted in an additional loss of Rp77,387.

(a) Interest rate swaps - cash flow hedge

It is the Group’s policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at floating rates and to pay interest at fixed rates.

The contracts require settlement of net interest receivable or payable on the settlement date which coincide with the interest payment dates of the underlying debt. The contracts are settled on a net basis.

As at 31 December 2015, the fixed interest rate relating to interest rate swap is 0.73%, and the main floating rates is LIBOR. Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as at 31 December 2015 will be continuously released to the profit or loss within “finance costs” until the repayment of the bank borrowings.

(b) Derivative contracts not designated as hedge

Derivative contracts not designated as hedge for accounting purpose are classified as held-for-trading.

Other information relating to derivative assets and liabilities as at 31 December 2015 is as follows:

Counterparties	Type of contract	Settlement schedule
HSBC	Interest rate swaps	April 2008 – September 2019
BTMU	Interest rate swaps	July 2015 – May 2017
Barclays	Currency forward contracts	January 2016 – March 2016
BNP Paribas	Currency forward contracts	January 2016 – February 2016
DBS	Currency forward contracts	January 2016 – March 2016
ING	Currency forward contracts	January 2016 – March 2016
JP Morgan	Currency forward contracts	January 2016 – February 2016

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7. TAXATION

a. Prepaid taxes

	2015	2014
Claims for tax refunds of corporate income tax:		
- Fiscal year 2013	707	422
- Fiscal year 2012	-	131,894
- Fiscal year 2011	3,134	-
- Fiscal year 2009	65,570	-
	69,411	132,316
Other taxes:		
- VAT	340,962	222,927
- Other taxes	3,923	8,820
	344,885	231,747

b. Taxes payable

	2015	2014
Corporate income tax:		
- Article 29	14,180	19,351
- Article 25	10,358	-
	24,538	19,351
Other taxes:		
- Article 26	33,964	10,916
- Article 21	17,680	17,664
- Article 4(2)	13,316	13,416
- Article 23	6,440	11,499
- VAT	539	1,893
- Others	1,763	629
	73,702	56,017

c. Income tax (benefit) expense

	2015	2014 (As restated; Note 2c)
The Company		
Current	-	-
Deferred	(753,254)	(233,786)
	(753,254)	(233,786)
Susidiaries		
Current		
Current tax on profit of the year	146,812	134,929
Adjustment of prior year	-	6,648
Deferred	(15,915)	8,406
	130,897	149,983
Consolidated		
Current	146,812	141,577
Deferred	(769,169)	(225,380)
	(622,357)	(83,803)

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

7. TAXATION (continued)

c. Income tax (benefit) expense (continued)

The reconciliation between the theoretical tax amount on the consolidated loss before income tax and the consolidated income tax benefit is as follows:

	2015	2014 (As restated; Note 2c)
Consolidated loss before income tax	(1,785,835)	(1,962,032)
Tax calculated at applicable tax rate	(446,459)	(490,508)
Non-deductible expenses	23,314	62,257
Unrecognized deferred tax assets	2,994	320,979
Tax assessments	52,074	4,893
Derecognition of deferred taxes	(192,612)	-
Income subject to final tax	(59,010)	(35,766)
Others	(2,658)	54,342
Consolidated income tax benefit	(622,357)	(83,803)

The reconciliation between loss before income tax of the Company and its estimated tax loss for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014 (As restated; Note 2c)
Consolidated loss before income tax	(1,785,835)	(1,962,032)
Less: (Profit) loss before income tax of subsidiaries, adjusted for consolidation elimination	(474,275)	856,347
Loss before income tax of the Company	(2,260,110)	(1,105,685)
Fiscal adjustments:		
Depreciation and amortization	1,432,682	869,296
Finance leases	271,609	125,093
Non-deductible expenses	176,034	392,509
Employee benefits	137,515	105,952
Allowance for impairment of receivables	110,316	153,800
Tax assessments	205,895	142,384
Dividend income	(93,160)	(95,904)
Income subject to final tax	(284,912)	(614,459)
Others	(40,588)	39,967
	(344,719)	12,953
Accumulated tax losses	(579,255)	(783,366)
Tax loss adjustments and prior year correction	245,129	191,158
Tax loss of the Company	(678,845)	(579,255)

The tax loss adjustment of Rp245,129 comprises of adjustment from a revised 2014 annual corporate income tax return which increased its previously reported accumulated tax loss carry forward by Rp183,373, adjustment in respect of 2013 fiscal year which decreased the accumulated tax loss carry forward by Rp17,544 and expiration of 2010 fiscal year tax loss which decreased the accumulated tax loss carry forward by Rp410,958.

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7. TAXATION (continued)

c. Income tax (benefit) expense (continued)

In these consolidated financial statements, the amounts of the tax losses were based on preliminary calculation as the Company has not yet submitted its corporate income tax returns.

d. Deferred tax assets (liabilities)

	2015			
	Beginning balance	Credited/ (charged) to profit or loss	Credited to other comprehensive income	Ending balance
The Company:				
Employee benefits	297,846	34,379	(52,361)	279,864
Finance leases	253,988	53,884	-	307,872
Allowance for impairment of receivables	155,405	(40,483)	-	114,922
Tax loss carryforwards	144,814	24,897	-	169,711
Depreciation and amortization	(1,321,337)	421,528	-	(899,809)
Investment in subsidiaries	(268,052)	268,052	-	-
Others	47,749	(9,003)	-	38,746
	(689,587)	753,254	(52,361)	11,306
Subsidiaries:				
Deferred tax assets	92,057	11,978	(1,115)	102,920
Deferred tax liabilities	(16,330)	3,937	(179)	(12,572)

	2014 (As restated; Note 2c)			
	Beginning balance	Credited/ (charged) to profit or loss	Credited to other comprehensive income	Ending balance
The Company:				
Employee benefits	228,515	26,488	42,843	297,846
Finance leases	222,715	31,273	-	253,988
Allowances for impairment of receivables	126,139	29,266	-	155,405
Tax loss carryforwards	195,842	(51,028)	-	144,814
Depreciation and amortization	(1,538,661)	217,324	-	(1,321,337)
Investment in subsidiaries	(229,260)	(38,792)	-	(268,052)
Others	28,494	19,255	-	47,749
	(966,216)	233,786	42,843	(689,587)
Subsidiaries:				
Deferred tax assets	101,853	(10,265)	469	92,057
Deferred tax liabilities	(18,460)	1,859	271	(16,330)

As of December 31, 2015, the aggregate amounts of temporary differences associated with investments in subsidiaries and associates, for which deferred tax liabilities have not been recognized were Rp1,142,627. Refer to Note 2o.

As of December 31, 2015, deferred tax assets of Rp343,652 (2014: Rp352,755) have not been recognized in respect of accumulated tax losses of Rp1,374,608 (2014: Rp1,411,020). Such losses were derived from certain subsidiaries and will be expired on period between 2016 to 2020.

7. TAXATION (continued)

e. Tax assessments

Certain tax assessments of the Group, which are considered significant are further described below:

2004 fiscal year

In March 2012, the Tax Court decided in favor of the Company in relation to compensation for overpayment of corporate income tax assessment of 2004 fiscal year amounting to Rp60,674. In June 2012, the Tax Office filed a request for Reconsideration to the Supreme Court. In July 2012, the Company submitted a Counter-Memorandum Request for Reconsideration to the Supreme Court. As of the issuance date of these consolidated financial statements, the Company has not received any decision from the Supreme Court.

2009 fiscal year

In April 2011, the Company received a tax assessment letter confirming an overpayment of corporate income tax of Rp29,272 as compared to its claim of Rp95,677. In July 2011, the Company filed an objection to defend its remaining claim of Rp65,570, which was later rejected. The Company filed an appeal to the Tax Court in September 2012 and the Tax Court decided to accept the claim from the Company based on the verdict issued on September 22, 2015. On December 15, 2015, the Company received Tax Overpayment Refund Instruction (“SPMKP”) of corporate income tax for 2009 fiscal year amounting to Rp65,570.

2012 fiscal year

In November 2014, the Company received several tax assessment letters confirming underpayments of income tax articles 26 and 4(2) amounting to Rp313,769 and Rp13,489 (including penalties), respectively. The Company accepted the assessment related to article 4(2), paid the amount in December 2014 and charged the amount to the 2014 profit or loss. In February 2015, the Company submitted an objection letter against the assessment on the income tax article 26. Subsequently, on January 5, 2016, the Company received the decision letter from the Directorate General of Tax, which declined the Company’s objection. As of the issuance date of these consolidated financial statements, the result has not been determined as the Company was still in process to file an appeal to the Tax Court.

In November 2014, the Company also received a tax assessment letter confirming an overpayment of corporate income tax of Rp131,894 as compared to its claim of Rp132,315 and a reduction of tax loss by Rp331,499. In February 2015, the Company received the refund and submitted an objection letter against the correction of the tax loss. In February 2016, the Company received decision letter from the Directorate General of Tax, which declined the Company’s objection. As of the issuance date of these consolidated financial statements, the result has not been determined as the Company was still in process to file an appeal to the Tax Court.

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7. TAXATION (continued)

e. Tax assessments (continued)

2013 fiscal year

In June 2015, the Company received a tax assessment letter confirming an overpayment of corporate income tax amounting to Rp231,643, similar to the amount claimed by the Company and a reduction of tax loss by Rp173,535. The Company received the refund of the overpayment in July 2015 and filed an objection letter against the correction of tax loss in September 2015. As of the issuance date of these consolidated financial statements, the result has not been determined.

The Company received several tax assessment letters in December 2015, January 2016, and February 2016 confirming overpayment of VAT for the period of February, March, April, May and December 2013. The Company accepted the amount confirmed by tax assessment letter of Rp158,754 which was lower than amount claimed by the Company of Rp197,517. On February 3, 2016, the Company received the refund for VAT period of February, April, and May 2013 amounting to Rp49,561. On February 22, 2016 the Company received the refund for VAT period of December 2013 amounting to Rp82,915. On March 15, 2016 the Company received the refund for VAT period of December 2013 amounting to Rp26,278.

2014 fiscal year

In November 2015, the Company received tax assessment letters in relation to VAT for the period January to June 2014. The tax assessment letters confirmed overpayment for the period of January 2014 amounting to Rp5,058 and underpayment for the period of February to June 2014 amounting to Rp14,518 including penalties. The Company had paid the underpayment amount in December 2015 and filed an objection against the tax assessment result to the Tax Office in February 2016. As of the issuance date of these consolidated financial statements, the result has not been determined.

f. Administration

The taxation laws of Indonesia require that the Company and its local subsidiaries to submit their individual annual corporate income tax return on the basis of self-assessment. Under the prevailing tax regulations, the Directorate General of Tax may assess or amend taxes within five years of the time the tax becomes due.

8. CLAIMS FOR TAX REFUNDS

Claims for tax refunds of corporate income tax and other taxes, of which the Tax Authority has confirmed and the Group has accepted are classified as prepaid taxes in current assets which the Group expects to receive the refunds within 12 months from the reporting date (see Note 7a).

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

8. CLAIMS FOR TAX REFUNDS (continued)

Claims for tax refunds of corporate income tax and other taxes, which either have not been confirmed by the Tax Authority or are in dispute, are presented as “Claims for tax refunds”. These are classified as non-current assets as it is expected that they may be recovered beyond 12 months from the reporting date. Once the Tax Authority confirms the claims and there are no disputes, then the Group reclassifies those balances into prepaid taxes. The details of claims, net of estimated allowance for tax adjustments, are as follows:

	2015	2014
Corporate income tax:		
- Not yet confirmed by the Tax Authority	201,059	352,174
- In dispute	207,967	274,214
	409,026	626,388
Other taxes under objections or appeals:		
- VAT	275,786	525,716
- Other taxes	1,398	1,398
- Allowance for tax adjustments	(148,161)	(148,161)
	129,023	378,953
	538,049	1,005,341

Based on the assessment of the tax uncertainties inherent in the claims for tax refunds, the Group determines whether an allowance for tax adjustments on the claims for tax refunds is necessary. Such allowance is presented as a contra account against the claims.

Provision for uncertain tax exposures for which there are no corresponding tax assets recognized is presented as part of “Other non-current liabilities”.

Claims for tax refunds of overpaid VAT that are in dispute are as follows:

	2015	2014
The Company:		
- 2012 fiscal year	148,161	148,161
- 2011 fiscal year	119,344	119,344
- 2010 fiscal year	-	199,786
- 2011 and 2012 restitution	8,281	53,765
	275,786	521,056
Subsidiaries	-	4,660
	275,786	525,716

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

8. CLAIMS FOR TAX REFUNDS (continued)

The details of significant claims of overpaid VAT are further described below:

2010 fiscal year

In 2012, the Company received tax assessment letter confirming an underpayment of VAT amounting to Rp106,619 (including penalties). The Company paid the amount and filed an objection against it. The additional underpayment VAT of Rp93,167 was assessed in the objection process. The Company paid the additional amount and submitted an appeal letter against the total claims of Rp199,786 to the Tax Court. In 2015, the Tax Court decided to accept partially the claim from the Company amounting to Rp103,077. The Company accepted the result, received the refund and charged the difference to the 2015 profit or loss.

2011 fiscal year

In June 2013, the Company received tax assessment letter confirming an underpayment of VAT amounting to Rp119,344 (including penalties). The Company paid the amount and submitted an objection against the assessment, which was later rejected. In November 2014, the Company filed an appeal to the Tax Court against the assessment. As of the issuance date of these consolidated financial statements, the result has not been determined.

2012 fiscal year

In September 2013, the Company received tax assessment letter confirming an underpayment of VAT amounting to Rp148,161 (including penalties). The Company paid the amount and submitted an objection against the assessment, which was later rejected. In November 2014, the Company filed an appeal to the Tax Court against the assessment. As of the issuance date of these consolidated financial statements, the result has not been determined.

Claims for tax refunds of overpaid corporate income tax that are in dispute are as follows:

	2015	2014
The Company:		
- 2012 fiscal year	422	422
- 2009 fiscal year	-	65,570
- 2008 fiscal year	97,132	97,132
- 2007 fiscal year	110,413	110,413
	207,967	273,537
Subsidiaries	-	677
	207,967	274,214

The details of significant claims on corporate income tax are further described below:

2007 and 2008 fiscal years

In December 2013, the Company received tax assessment letters confirming underpayments of corporate income tax of Rp110,413 and Rp97,132 for 2007 and 2008 fiscal years, respectively. The Company paid the amounts and filed objections against them, which were later rejected. In June 2015, the Company filed an appeal to the Tax Court. As of the issuance date of these consolidated financial statements, the result has not been determined.

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9. PREPAID FREQUENCY FEE AND LICENSES

	2015	2014
Annual frequency fee	2,280,613	1,984,454
3G and BWA upfront fee	134,346	200,186
Total prepaid frequency fee and licenses	2,414,959	2,184,640
Less: current portion	(2,321,743)	(2,050,295)
Long-term prepaid frequency fee and licenses	93,216	134,345

10. INVESTMENTS IN ASSOCIATES AND LONG-TERM INVESTMENTS

a. Investments in associates

As at December 31, 2015 and 2014, the summary of associates of the Group were as follows:

Name of entity	Domicile	Percentage of ownership interest	Carrying value 2015	Carrying value 2014
SB ISAT Fund, L.P.	Cayman Island	43.48%	75,922	3,552
PT Citra Bakti Indonesia	Indonesia	33.33%	2,599	2,360
			78,521	5,912

SB ISAT Fund, L.P. is mainly engaged in investment management in start-up digital companies. PT Citra Bakti Indonesia is mainly engaged in chip-card standardization and certification services for ATM and debit cards.

The associates as listed above have share capital consisting solely of ordinary shares, which are held directly by the Company. All associates are private companies in which there are no quoted market share price available.

b. Long-term investments

Long-term investments represent direct investments in equity shares classified as available-for-sale, with ownership interest of less than 20% as follows:

	Location	Ownership (%) 2015	Ownership (%) 2014	Measurement	2015	2014
PT First Media Tbk	Indonesia	1.07	1.07	Fair value	35,091	50,000
Pendrell Corporation	United States of America	<0.01	<0.01	Cost	49,977	49,977
Asean Cableship Pte. Ltd. (“ACPL”)	Singapore	16.67	16.67	Cost	1,265	1,265
Others		12.80-18.89	12.80-18.89	Cost	15,065	15,065
					101,398	116,307
Less: allowance for impairment					(63,577)	(113,577)
					37,821	2,730

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10. INVESTMENTS IN ASSOCIATES AND LONG-TERM INVESTMENTS (continued)

b. Long-term investments (continued)

PT First Media Tbk is mainly engaged in cable television and internet network service provider. Pendrell Corporation is mainly engaged in satellite service. ACPL is mainly engaged in repairs and maintenance of submarine cables.

The Company has provided allowance for impairment of its investments in equity shares amounting to Rp63,577 and Rp113,577 as of December 31, 2015 and, 2014, respectively, which the Company believes is adequate to cover impairment losses on the investments.

11. PROPERTY AND EQUIPMENT

	2015				
	Balance at beginning of year	Transactions during the year: Additions	Derecognitions	Reclassification	Balance at end of year
Cost					
Direct ownership					
Landrights	538,026	-	(10,985)	-	527,041
Buildings	927,044	199	-	150	927,393
Information technology equipment	4,741,875	722	(141,807)	983,864	5,584,654
Office equipment	953,596	12,852	(18,326)	28,721	976,843
Building and leasehold Improvements	11,650,705	483	(24,307)	799,885	12,426,766
Vehicles	16,644	-	(2,323)	273	14,594
Cellular technical equipment	48,497,659	-	(333,976)	4,904,238	53,067,921
Transmission and cross - connection equipment	24,478,779	444,336	(324,896)	1,574,471	26,172,690
FWA technical equipment	1,291,010	-	(483)	-	1,290,527
Operation and maintenance center and measurement unit	1,531,890	-	(360)	64,444	1,595,974
Fixed access network equipment	1,354,161	-	(5,110)	213,400	1,562,451
Assets under construction and installation	3,074,802	9,470,874	-	(8,569,446)	3,976,230
Under finance lease					
Building and leasehold improvements (Note 2i)	4,318,622	118,961	(11,290)	-	4,426,293
	103,374,813	10,048,427	(873,863)	-	112,549,377
Accumulated Depreciation					
Direct ownership					
Buildings	(383,554)	(21,517)	-	-	(405,071)
Information technology equipment	(3,840,240)	(405,596)	141,807	-	(4,104,029)
Office equipment	(855,736)	(31,447)	18,325	-	(868,858)
Building and leasehold improvements	(6,813,411)	(849,034)	21,682	-	(7,640,763)
Vehicles	(14,818)	(913)	2,323	-	(13,408)
Cellular technical equipment	(30,412,732)	(5,025,497)	132,163	-	(35,306,066)
Transmission and cross- connection equipment	(15,253,529)	(1,835,352)	310,613	-	(16,778,268)
FWA technical equipment	(1,280,451)	(10,558)	483	-	(1,290,526)
Operation and maintenance center and measurement unit	(1,432,903)	(50,044)	206	-	(1,482,741)
Fixed access network equipment	(1,085,293)	(57,776)	387	-	(1,142,682)
Under finance lease					
Building and leasehold improvements (Note 2i)	(1,226,239)	(466,612)	5,991	-	(1,686,860)
	(62,598,906)	(8,754,346)	633,980	-	(70,719,272)
Less: impairment in value	-	(8,402)	-	-	(8,402)
Net Book Value	40,775,907				41,821,703

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

11. PROPERTY AND EQUIPMENT (continued)

	2014				
	Balance at beginning of year	Transactions during the year			Balance at end of year
		Additions	Derecognitions	Reclassification	
Cost					
Direct ownership					
Landrights	547,117	-	(9,091)	-	538,026
Buildings	856,013	715	(10,029)	80,345	927,044
Information technology equipment	4,673,204	204	(45,942)	114,409	4,741,875
Office equipment	944,369	12,364	(8,314)	5,177	953,596
Building and leasehold improvements	10,796,036	2,495	(57,884)	910,058	11,650,705
Vehicles	18,373	246	(2,374)	399	16,644
Cellular technical equipment	43,018,724	-	(333,424)	5,812,359	48,497,659
Transmission and cross - connection equipment	22,204,394	268,484	(47,598)	2,053,499	24,478,779
FWA technical equipment	1,293,604	-	(2,594)	-	1,291,010
Operation and maintenance center and measurement unit	1,469,383	1,117	-	61,390	1,531,890
Fixed access network equipment	1,232,861	-	-	121,300	1,354,161
Assets under construction and installation	6,119,255	6,114,483	-	(9,158,936)	3,074,802
Under finance lease					
Building and leasehold improvements (Note 2i)	3,891,958	426,664	-	-	4,318,622
	97,065,291	6,826,772	(517,250)	-	103,374,813
Accumulated Depreciation					
Direct ownership					
Buildings	(366,600)	(18,176)	1,222	-	(383,554)
Information technology equipment	(3,603,543)	(339,738)	45,942	57,099	(3,840,240)
Office equipment	(819,926)	(44,460)	8,314	336	(855,736)
Building and leasehold improvements	(6,050,427)	(812,787)	51,256	(1,453)	(6,813,411)
Vehicles	(16,279)	(998)	2,374	85	(14,818)
Cellular technical equipment	(26,231,579)	(4,503,152)	325,729	(3,730)	(30,412,732)
Transmission and cross- connection equipment	(13,306,000)	(1,944,104)	47,562	(50,987)	(15,253,529)
FWA technical equipment	(1,275,592)	(7,453)	2,594	-	(1,280,451)
Operation and maintenance center and measurement unit	(1,381,341)	(50,212)	-	(1,350)	(1,432,903)
Fixed access network equipment	(1,037,613)	(47,680)	-	-	(1,085,293)
Under finance lease					
Building and leasehold improvements (Note 2i)	(786,280)	(439,959)	-	-	(1,226,239)
	(54,875,180)	(8,208,719)	484,993	-	(62,598,906)
Net Book Value	42,190,111				40,775,907

Submarine cables (presented as part of transmission and cross-connection equipment) represent the Company's proportionate investment in submarine cable circuits jointly constructed, operated, maintained and owned with other countries, based on the respective contracts and/or the construction and maintenance agreements.

Land are held under "Hak Guna Bangunan" titles, which will expire between 2016-2044. The land rights are renewable.

Depreciation expense charged to profit or loss amounted to Rp8,754,346 and Rp8,208,719 for the years ended December 31, 2015 and 2014, respectively.

As of December 31, 2015, the Group had no property and equipment pledged as collateral to any credit facilities.

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

11. PROPERTY AND EQUIPMENT (continued)

As of December 31, 2015, the Group insured its property and equipment (except for International submarine cables and landrights) for US$55,789 and Rp35,969,681 including insurance amounting to Rp810,428 for the Company's satellite. Management believes that the sum insured is sufficient to cover possible losses arising from fire, explosion, lightning, aircraft damage, business interruption and other natural disasters.

As of December 31, 2015, the Group had property and equipment with total cost amounting to Rp13,178,183 which have been fully depreciated but are still being used.

As of December 31, 2015, the Sale Value of the Tax Object ("NJOP") of the Group's land and buildings amounted to Rp1,632,351. The NJOP is determined by the regional government. The value is within the category of fair value measurement Level 2.

As of December 31, 2015, the level of percentage completion of assets under construction was about 78% of the contract value with an estimated completion date mainly between January and December 2016. The balance of the assets under construction consists mainly of cellular technical equipment, building and leasehold improvements, transmission and cross connection equipment and information technology equipment.

There were no borrowing costs capitalized to assets under construction and installation for the years ended December 31, 2015 and 2014.

For the years ended December 31, 2015 and 2014, the proceeds of, and net gain, from the disposals of certain property and equipment were as follows:

	2015	2014
Proceeds	261,226	40,990
Net book value	(239,883)	(32,257)
Net gain	21,343	8,733

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	2015			2014		
	Beginning of the year	Addition	End of the year	Beginning of the year	Addition	End of the year
Cost						
Non-integrated software	327,033	9,670	336,703	315,727	11,306	327,033
Other intangible assets	597,607	-	597,607	597,607	-	597,607
Goodwill	2,944,362	-	2,944,362	2,944,362	-	2,944,362
	3,869,002	9,670	3,878,672	3,857,696	11,306	3,869,002
Accumulated amortization						
Non-integrated software	(294,938)	(14,717)	(309,655)	(277,599)	(17,339)	(294,938)
Other intangible assets	(597,523)	(84)	(597,607)	(597,518)	(5)	(597,523)
Goodwill	(1,619,979)	-	(1,619,979)	(1,619,979)	-	(1,619,979)
	(2,512,440)	(14,801)	(2,527,241)	(2,495,096)	(17,344)	(2,512,440)
Net book value						
Non-integrated software	32,095	(5,047)	27,048	38,128	(6,033)	32,095
Other intangible assets	84	(84)	-	89	(5)	84
Goodwill	1,324,383	-	1,324,383	1,324,383	-	1,324,383
	1,356,562	(5,131)	1,351,431	1,362,600	(6,038)	1,356,562

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

12. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Other intangible assets are mainly arising from the acquisition of Satelindo in 2002. The details are as follows:

	Amount
Acquisition of Satelindo:	
Spectrum license	222,922
Customer base:	
- Post-paid	154,220
- Prepaid	73,128
Brand	147,178
	597,448
Others	159
Total	597,607

Goodwill arose from the acquisition of ownership in Bimagraha and Satelindo in 2001 and 2002, respectively, and from the acquisition of additional ownership in Lintasarta in 2005, in SMT in 2008 and in LMD in 2010. Goodwill of Rp1,322,796 and Rp1,587 were allocated to the cellular and MIDI segments, respectively.

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate the carrying value may be impaired. The recoverable amount of the cellular business unit has been determined based on fair values less cost to sell (“FVLCTS”) calculation that uses the Income Approach (a Discounted Cash Flows Method) and the Market Approach (a Public Company Guideline Method). The value is within the category of fair value measurement Level 3.

As at December 31, 2015, the recoverable amount calculated is approximately Rp43,678,000. Fall in growth rate to 3% or a rise in discount rate to 3% would remove the remaining headroom.

Key assumptions used in the FVLCTS calculation at December 31, 2015:

Discount rate - The Company has chosen to use the weighted average cost of capital (“WACC”) as the discount rate for the discounted cash flows. The estimated pre-tax WACC applied in determining the recoverable amount of the cellular business unit was between 16.98% and 17.55%.

Compounded Annual Growth Rate (“CAGR”) - The CAGR projection for the 5-year budget period of the cellular business unit’s revenue based on the market analysts’ forecast was between 3.3% and 7.6%.

Cost to Sell - As the recoverable amount of the cellular business unit is determined using FVLCTS, the estimated cost to sell the business is based on a certain percentage of the equity value. The estimated cost to sell used for this calculation was at approximately 1.0% of the enterprise value.

No impairment of the goodwill was identified.

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

13. SHORT-TERM LOANS

	2015	2014
Related party - BNI	1,200,000	600,000
Third party - PT Bank Mizuho Indonesia ("Mizuho")	250,000	250,000
	1,450,000	850,000
Less: unamortized loans issuance cost	(978)	(552)
	1,449,022	849,448

Summary of the drawdowns and repayments of the short-term loans throughout the years ended December 31, 2015 and 2014 is as follows:

	2015		2014	
Bank	Drawdown	Repayment	Drawdown	Repayment
BNI	925,000	(325,000)	1,150,000	(550,000)
Mizuho	-	-	250,000	-
Mandiri	-	-	-	(1,500,000)
	925,000	(325,000)	1,400,000	(2,050,000)

Other significant information relating to short-term loans as of December 31, 2015 is as follows:

Bank	Total facility	Period	Interest rate per annum	Collateral
BNI	Rp 1,200,000	June 16, 2015 - June 16, 2016	JIBOR+2.5%	None
Mizuho	Rp 250,000	October 21, 2015 - October 21, 2016	JIBOR+2.25%	None

The Company is required to comply with certain financial covenants such as maintaining its EBITDA to interest ratio not less than 3, net debt to equity ratio not to exceed 2.5, and net debt to EBITDA ratio not to exceed 4.

The above revolving time loan facilities were utilized for financing the Company's operational working capital, capital expenditure and/or refinancing requirements. As at each reporting date, the Company was in compliance with the covenants of its short-term loans.

The amortization of the loans issuance costs for the years ended December 31, 2015 and 2014 amounted to Rp2,594 and Rp755, respectively (Note 28).

14. PROCUREMENT PAYABLE

This account consists of amounts due for capital and operating expenditures procured from the following parties:

	2015	2014
Third parties (including US$144,755 in 2015 and US$74,051 in 2014)	6,206,354	3,047,553
Related parties (Note 31) (including US$ nil in 2015 and US$157 in 2014)	56,763	47,965
	6,263,117	3,095,518

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15. ACCRUED EXPENSES

	2015	2014
Network repairs and maintenance	315,153	272,568
Marketing	308,240	185,420
Rental	277,247	210,962
Dealer incentives (Note 2j)	188,844	264,624
Universal Service Obligation (“USO”) (Note 34)	119,523	98,415
Interest	118,125	337,773
Utilities	114,072	78,892
Professional fees	73,478	55,752
General and administrative	52,515	38,325
Leased circuit	33,377	100,246
Telecommunications service concession fee (Note 34)	32,751	40,046
Blackberry access fee	-	59,259
Others (each below Rp20,000)	97,158	76,509
	1,730,483	1,818,791

Refer to Note 31 for related party information.

16. EMPLOYEE BENEFITS

Short-term employee benefits:

	2015	2014 (As restated; Note 2c)
Employee bonus	279,306	260,830
Others	56,314	71,293
	335,620	332,123

Long-term employee benefits:

Long-term prepaid pension benefit

	2015	2014 (As restated; Note 2c)
Prepaid pension benefit (Note 30)	95,590	89,752
Less: current portion	(1,191)	(3,020)
Non-current portion	94,399	86,732

The prepaid pension benefit is presented as part of “Prepaid expenses - others” within the consolidated statements of financial position.

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16. EMPLOYEE BENEFITS (continued)

Long-term employee benefit obligations

	2015	2014 (As restated; Note 2c)
Post-retirement healthcare (Note 30)	538,580	640,551
Obligation under Labor Law No.13/2003 (Note 30)	344,303	307,480
Other long-term employee benefits	58,151	47,836
Less: current portion	(32,196)	(35,240)
Non-current portion	908,838	960,627

The details of expenses are as follows:

	2015	2014 (As restated; Note 2c)
Obligation under Labor Law No.13/2003 (Note 30)	69,222	52,487
Post-retirement healthcare (Note 30)	64,740	51,761
Pension benefit cost (Note 30)	23,112	15,399
Other long-term employee benefits	26,908	10,378
Total	183,982	130,025

The amount recognized in other comprehensive income is as follows:

	2015	2014 (As restated; Note 2c)
Remeasurement gains (losses) on defined benefit plan	214,620	(174,332)
Income tax effect	(53,655)	43,583
	160,965	(130,749)

Details of pension and other post-employment benefit are further discussed in Note 30.

17. LOANS PAYABLE

	2015	2014
Loans payables	10,662,011	6,395,427
Less: unamortized loan issuance cost and consent solicitation fees	(51,380)	(54,809)
	10,610,631	6,340,618
Less: current maturities	(4,240,746)	(2,613,500)
Non-current portion	6,369,885	3,727,118

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

17. LOANS PAYABLE (continued)

The loans consist of the following:

	2015			2014		
	Original currency		Equivalent to Rupiah	Original currency		Equivalent to Rupiah
Financial institutions:						
a. PT Bank Central Asia Tbk ("BCA") Revolving Time Loan	Rp	1,900,000	1,900,000	Rp	1,000,000	1,000,000
b. ANZ Banking Group Ltd. ("ANZ") Revolving Time Loan	US$	100,000	1,379,500		-	-
c. The Hongkong and Shanghai Banking Corporation ("HSBC") France	US$	80,555	1,111,252	US$	100,693	1,252,625
d. The Bank of Tokyo Mitsubishi-UFJ, Ltd. ("BTMU") Revolving Time Loan	US$	50,000	689,750		-	-
	Rp	250,000	250,000		-	-
e. Mizuho Bank Ltd. Revolving Time Loan	US$	60,000	827,700		-	-
f. BCA Investment Credit Facility	Rp	800,000	800,000	Rp	900,000	900,000
g. AB Svensk Exportkredit ("SEK"), Sweden with Guarantee from Exportkreditnamnden ("EKN")	US$	57,500	793,213	US$	102,500	1,275,100
h. PT Indonesia Infrastructure Finance ("IIF") and PT Sarana Multi Infrastruktur ("SMI") Revolving Time Loan	Rp	750,000	750,000	Rp	750,000	750,000
i. DBS Bank Ltd. ("DBS") Revolving Time Loan	US$	50,000	689,750		-	-
j. PT Bank Sumitomo Mitsui Indonesia ("BSMI") Revolving Time Loan	Rp	550,000	550,000	Rp	650,000	650,000
k. Citibank, N.A., Indonesia ("Citibank") Revolving Time Loan	US$	30,000	413,850		-	-
l. PT BNP Paribas Indonesia ("BNPP") Revolving Time Loan	Rp	350,000	350,000	Rp	350,000	350,000
m. SMI Revolving Time Loan	Rp	100,000	100,000	Rp	100,000	100,000
n. HSBC, 9-Year Commercial Loan	US$	4,056	55,946	US$	8,111	100,902
			10,660,961			6,378,627
Other institutions:						
a. PT Medialand International	Rp	700	700	Rp	700	700
b. PT Danawa Indonesia	Rp	350	350	Rp	350	350
c. Yayasan Kesejahteraan Karyawan ("YKK") Bank Indonesia		-	-	Rp	12,250	12,250
d. PT Multi Visi Komputama		-	-	Rp	350	3,500
			1,050			16,800
Total loans			10,662,011			6,395,427
Less:						
- Unamortized loan issuance cost and consent solicitation fees			(51,380)			(54,809)
- Current maturities			(4,240,746)			(2,613,500)
Non-current portion			6,369,885			3,727,118

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17. LOANS PAYABLE (continued)

The details of the loans from financial institutions are as follows:

Counterparties	Type of loan and total facility	Payment schedule	Interest	Facilities maturity date	Remarks on repayment and others
a. BCA	Revolving time loan: Rp1,500,000	At maturity date (February 2016).	JIBOR + 2.50% effective August 21, 2015 and payable monthly, quarterly or semi-annually.	February 10, 2016	To finance working capital, capital expenditures and general funding requirements. The Company may prepay the whole or any part of the loan.
	Revolving time loan: Rp1,000,000	At maturity date (August 2018).	JIBOR + 2.50% and payable monthly, quarterly or semi-annually.	August 21, 2018	To finance working capital, capital expenditures and general funding requirements.
b. ANZ	Revolving time loan: US$100,000	At maturity date (May 2017).	USD LIBOR + 1.05% and payable monthly, or semi annually or quarterly.	May 4, 2017	To finance general funding requirement. The Company may prepay the whole or any part of the loan.
c. HSBC France	Twelve years - COFACE term: US$157,243	Installment every six-months (March 2016 - September 2019).	5.69% and payable semi-annually.	September 30, 2019	To finance Palapa D Satellite.
	Twelve years - SINOSURE term: US$44,200	Installment every six-months (March 2016 - September 2019)	USD LIBOR + 0.35% and payable semi-annually.	September 30, 2019	
d. BTMU	Revolving time loan: US$50,000	At maturity date (December 2016).	Six-month USD LIBOR + 1.2% and payable semi-annually.	December 10, 2016	To refinance and finance the general funding requirements.
	Revolving time loan: Rp250,000	At maturity date (December 2016).	JIBOR + 2.45% and payable monthly, quarterly or semi-annually.	December 23, 2016	To finance the working capital, capital expenditures and general funding requirements. The Company may prepay the whole or any part of the loan.
e. Mizuho	Revolving time loan: US$60,000	At maturity date (February 2017).	USD LIBOR + 0.9% and payable monthly or quarterly.	February 5, 2017	To finance the general funding requirement. The Company may prepay the whole or any part of the loan.
f. BCA	Five-year investment credit facility: Rp1,000,000	Installment every year (December 2015 - December 2018).	10% and payable quarterly.	December 12, 2018	To finance the capital expenditure and/or debt refinancing. The Company may prepay the whole or any part of the loan.

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17. LOANS PAYABLE (continued)

The details of the loans from financial institutions are as follows: (continued)

Counterparties	Type of loan and total facility	Payment schedule	Interest	Facilities maturity date	Remarks on repayment and others
g. SEK Sweden with Guarantee from EKN	Facility A: US$100,000	Installment every six-months (November 2015 - May 2016).	USD LIBOR + EKN Margin of 0.25% + SEK Funding Cost of 1.05% + EKN Premium Margin of 1.57% and payable semi-annually.	May 31, 2016	To finance the purchase of telecommunication equipment.
	Facility B: US$155,000	Installment every six-months (February 2016 - February 2017).	Commercial Interest Reference Rate ("CIRR") 2.6% + EKN Margin of 0.05% + EKN Premium Margin of 1.61% and payable semi-annually.	February 28, 2017	
	Facility C: US$60,000	Installment every six-months (November 2015 - November 2017).	CIRR 2.6% + EKN Margin of 0.05% + EKN Premium Margin of 1.59 % and payable semi-annually.	November 30, 2017	
h. IIF-SMI	Syndicated revolving time loan: Rp750,000	At maturity date (October 2016).	JIBOR + 2.25% and payable quarterly or semi-annually.	October 18, 2016	To finance the general funding requirement. The Company may prepay the whole or any part of the loan.
i. DBS	Revolving time loan: US$50,000	At maturity date (April 2017).	USD LIBOR + 0.9% and payable monthly or quarterly.	April 22, 2017	To finance the general funding requirement. The Company may prepay the whole or any part of the loan.
j. BSMI	Revolving time loan: Rp550,000	At maturity date (December 2016).	JIBOR + 2.50% and payable monthly, quarterly or semi-annually.	December 28, 2016	To finance the general funding requirement. The Company may prepay the whole or any part of the loan.
k. Citibank	Revolving time loan: US$40,000	At maturity date (February 2017).	USD LIBOR + 1.35% and payable monthly or quarterly.	February 9, 2017	To finance the general funding requirement. The Company may prepay the whole or any part of the loan.
l. BNPP	Revolving time loan: Rp350,000	At maturity date (October 2017).	JIBOR + 2.5% and payable monthly or quarterly.	October 15, 2017	To finance capital expenditure and general funding requirement. The Company may prepay the whole or any part of the loan.
m. SMI	Revolving time loan: Rp100,000	At maturity date (December 2017).	Three-months JIBOR + 2.45% and payable quarterly.	December 10, 2017	To finance capital expenditure. The Company may prepay the whole or any part of the loan.
n. HSBC Jakarta Branch, CIMB Niaga and Bank of China Limited Jakarta Branch	Nine-years unsecured commercial facility: US$27,037	Installment every six-months (November 2015 – November 2016).	USD LIBOR + 1.45% and payable semi-annually.	November 28, 2016	To finance Palapa D Satellite.

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17. LOANS PAYABLE (continued)

The details of the loans from other institutions are as follows:

Counterparties	Type of loan and total facility	Payment schedule	Interest	Facilities maturity date	Remarks on repayment and others
a. PT Medialand International	Unsecured loan: Rp700	At maturity date (April 2018)	2% p.a. Payable on the first and the last installment of payment principle payable.	April 13, 2018	To finance working capital.
b. PT Danawa Indonesia	Unsecured loan: Rp350	At maturity date (August 2018)	2% p.a. Payable on the first and the last installment of payment principle payable.	August 13, 2018	To finance working capital.
c. YKK Bank Indonesia	Unsecured loan: Rp21,000	At maturity date (November 2017)	10.50% p.a. Payable on monthly basis, which shall commence 1 month after the first drawdown.	November 3, 2017	To finance business development. Loan principal installment payable on quarterly basis, which shall commence after 6 months of grace period. As of December 31, 2015, this loan has been fully repaid.
d. PT Multi Visi Komputama	Unsecured loan: Rp6,000	At maturity date (November 2017)	10.50% p.a. Payable on monthly basis, which shall commence 1 month after the first drawdown.	November 3, 2017	To finance business development. Loan principal installment payable on quarterly basis, which shall commence after 6 months of grace period. As of December 31, 2015, this loan has been fully repaid.

The future scheduled principal payments of all the loans payable as of December 31, 2015 are as follows:

	Twelve months ending					
	2016	2017	2018	2019	2020 and thereafter	Total
In Rupiah						
BCA - revolving time loan	1,000,000	-	900,000	-	-	1,900,000
BCA - investment credit facility	150,000	150,000	500,000	-	-	800,000
IIF-SMI - revolving time loan	750,000	-	-	-	-	750,000
BSMI - revolving time loan	550,000	-	-	-	-	550,000
BNPP - revolving time loan	-	350,000	-	-	-	350,000
BTMU - revolving time loan	250,000	-	-	-	-	250,000
SMI - revolving time loan	-	100,000	-	-	-	100,000
Others institutions	-	-	1,050	-	-	1,050
	2,700,000	600,000	1,401,050	-	-	4,701,050
In USD						
ANZ - revolving time loan	-	1,379,500	-	-	-	1,379,500
HSBC France	277,813	277,813	277,813	277,813	-	1,111,252
SEK Sweden	522,240	270,973	-	-	-	793,213
Mizuho - revolving time loan	-	827,700	-	-	-	827,700
BTMU - revolving time loan	689,750	-	-	-	-	689,750
DBS - revolving time loan	-	689,750	-	-	-	689,750
Citibank - revolving time loan	-	413,850	-	-	-	413,850
HSBC 9-Year commercial facility	55,946	-	-	-	-	55,946
	1,545,749	3,859,586	277,813	277,813	-	5,960,961
Total	4,245,749	4,459,586	1,678,863	277,813	-	10,662,011
Less: Unamortized debt issuance costs and consent solicitation fee						(51,380)
						10,610,631

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17. LOANS PAYABLE (continued)

As at December 31, 2015, there was unused loan facilities from BCA amounted to Rp100,000. All loans are neither collateralized by any specific Group assets nor guaranteed by other parties. All of the Group's assets are used as pari-passu security to all of the Group's other liabilities including the loans.

The Company is required to comply with certain covenants, such as maintaining its EBITDA to interest ratio not less than 3, net debt to equity ratio not to exceed 2.5, net debt to EBITDA ratio not to exceed 4.0. While for SEK Sweden, HSBC France, and 9-Year commercial facilities of which the Company agrees to maintain its EBITDA to interest ratio not less than 2.5, debt to equity ratio not to exceed 2.5, net debt to EBITDA ratio not to exceed 3.5 and total equity not less than Rp5,000,000.

As of December 31, 2015 and 2014, the Group complied with all financial ratios required under the loan agreements. In 2012, as required under the loan agreements with SEK Sweden and HSBC France, the Company sought for and received the consent letters from those two parties to execute its certain assets' sale transaction (Note 21).

The total amortization of debt issuance cost and consent solicitation fees on the loans for the years ended December 31, 2015 and 2014 amounted to Rp37,105 and Rp29,087, respectively (Note 28). The amounts of payments made for the year ended 31 December 2015 were US$339,194 in relation to credit facilities obtained from HSBC, SEK Sweden, and Citibank and Rp2,414,175 in relation to those obtained from BCA, BSMI, IIF-SMI, BNPP, SMI, YKK Bank Indonesia and PT Multi Visi Komputama.

Refer to Note 31 for related party information.

18. BONDS PAYABLE

	2015	2014
a. Eighth Indosat Bonds in Year 2012	2,700,000	2,700,000
b. Shelf Registration Indosat Bond I Phase II in Year 2015	2,684,000	-
c. Shelf Registration Indosat Bond I Phase I in Year 2014	2,310,000	2,310,000
d. Fifth Indosat Bonds in Year 2007	1,370,000	1,370,000
e. Shelf Registration Indosat Bond I Phase III in Year 2015	794,000	-
f. Seventh Indosat Bonds in Year 2009	600,000	600,000
g. Guaranteed Notes Due 2020	-	8,086,000
h. Sixth Indosat Bonds in Year 2008	-	320,000
	10,458,000	15,386,000
Less: unamortized bonds/notes issuance cost, notes discount and consent solicitation fees	(23,048)	(90,309)
	10,434,952	15,295,691
Less: current maturities	(1,152,791)	(8,333,611)
Non-current portion	9,282,161	6,962,080

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18. BONDS PAYABLE (continued)

The details of the bonds payable are as follows:

Bond	Nominal amount	Interest	Maturity	Remarks
a. Eighth Indosat Bonds in Year 2012				
▪ Series A	Rp1,200,000	▪ 8.625% p.a. ▪ Payable quarterly	June 27, 2019	▪ To finance frequency fee, purchase of Base Station System ("BSS"), and repurchase of Second Indosat Bonds in Year 2002 Series B. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had idAAA (stable outlook) rating from PT Pemeringkat Efek Indonesia ("Pefindo").
▪ Series B	Rp1,500,000	▪ 8.875% p.a. ▪ Payable quarterly	June 27, 2022	
b. Shelf Registration Indosat Bonds I Phase II in Year 2015				
▪ Series A	Rp554,000	▪ 8.55% p.a. ▪ Payable quarterly	June 14, 2016	▪ To refinance loans from BCA, BNI, BNPP, SMI, IIF-SMI and Guaranteed Notes Due 2020, also purchase of BSS. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had idAAA rating from Pefindo.
▪ Series B	Rp782,000	▪ 9.25% p.a. ▪ Payable quarterly	June 4, 2018	
▪ Series C	Rp584,000	▪ 10% p.a. ▪ Payable quarterly	June 4, 2020	
▪ Series D	Rp337,000	▪ 10.25% p.a. ▪ Payable quarterly	June 4, 2022	
▪ Series E	Rp427,000	▪ 10.40% p.a. ▪ Payable quarterly	June 4, 2025	
c. Shelf Registration Indosat Bonds I Phase I in Year 2014				
▪ Series A	Rp950,000	▪ 10.00% p.a. ▪ Payable quarterly	December 12, 2017	▪ To refinance loans from BCA, BNI, and BTMU, also to pay license fee. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had idAAA rating from Pefindo.
▪ Series B	Rp750,000	▪ 10.30% p.a. ▪ Payable quarterly	December 12, 2019	
▪ Series C	Rp250,000	▪ 10.50% p.a. ▪ Payable quarterly	December 12, 2021	
▪ Series D	Rp360,000	▪ 10.70% p.a. ▪ Payable quarterly	December 12, 2024	
d. Fifth Indosat Bonds in Year 2007				
▪ Series A	Rp1,230,000	▪ 10.20% p.a. ▪ Paid quarterly	May 29, 2014	▪ To finance capital expenditure. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ On May 29, 2014, the Company paid the series A bonds in full. ▪ Based on the latest rating report released in September 2015, the series B had idAAA rating from Pefindo.
▪ Series B	Rp1,370,000	▪ 10.65% p.a. ▪ Payable quarterly	May 29, 2017	
e. Shelf Registration Indosat Bonds I Phase III in Year 2015				
▪ Series A	Rp201,000	▪ 10.00% p.a. ▪ Payable quarterly	December 8, 2018	▪ To refinance loans from BCA and BSMI, pay license fee and also finance procurement of BSS ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in November 2015 by Fitch, the bonds had AAA(idn) rating.
▪ Series B	Rp301,000	▪ 10.25% p.a. ▪ Payable quarterly	December 8, 2020	
▪ Series C	Rp130,000	▪ 10,60% p.a. ▪ Payable quarterly	December 8, 2022	
▪ Series D	Rp162,000	▪ 11.20% p.a. ▪ Payable quarterly	December 8, 2025	
f. Seventh Indosat Bonds in Year 2009				
▪ Series A	Rp700,000	▪ 11.25% p.a. ▪ Paid quarterly	December 8, 2014	▪ To finance the repayment of ex Satelindo's debt and guaranteed floating rate bonds. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had idAAA rating from Pefindo. ▪ On December 8, 2014, the Company paid the series A bonds in full.
▪ Series B	Rp600,000	▪ 11.75% p.a. ▪ Payable quarterly	December 8, 2016	

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18. BONDS PAYABLE (continued)

The details of the bonds payable are as follows: (continued)

Bond	Nominal amount	Interest	Maturity	Remarks
g. Guaranteed Notes Due 2020	US$650,000	▪ 7.375% p.a. ▪ Payable semi-annually	July 29, 2020	The notes were used for refinancing purposes and redeemable at the option of IPBV: ▪ Based on IPBV's Managing Board meeting held on January 22, 2015, it was resolved that IPBV would take the opportunity to redeem the Notes on July 29, 2015. ▪ On July 29, 2015, IPBV paid a total of US$697,937.5 for early redemption of GN 2020 with a total principal at a price equal to 103.6875% from the nominal amount purchased, plus the accrued and unpaid interest up to the settlement date.
h. Sixth Indosat Bonds in Year 2008 ▪ Series B	Rp320,000	▪ 10.80% p.a. ▪ Payable quarterly	April 9, 2015	▪ To finance capital expenditure. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in February 2015, the bonds Series B had idAAA rating from Pefindo. ▪ On April 9, 2015, the Company paid the Series B bonds in full.

The future scheduled principal payments of the bonds payable as of December 31, 2015 are as follows:

	Twelve months ending					
	2016	2017	2018	2019	2020 and thereafter	Total
Eighth Indosat Bonds	-	-	-	1,200,000	1,500,000	2,700,000
Shelf Registration Indosat Bonds I Phase II	554,000	-	782,000	-	1,348,000	2,684,000
Shelf Registration Indosat Bonds I Phase I	-	950,000	-	750,000	610,000	2,310,000
Fifth Indosat Bonds	-	1,370,000	-	-	-	1,370,000
Shelf Registration Indosat Bonds I Phase III	-	-	201,000	-	593,000	794,000
Seventh Indosat Bonds	600,000	-	-	-	-	600,000
	1,154,000	2,320,000	983,000	1,950,000	4,051,000	10,458,000
Less: unamortized bonds issuance cost and consent solicitation fees						(23,048)
						10,434,952

All bonds are neither collateralized by any specific Group assets nor guaranteed by other parties. All of the Group's assets are used as pari-passu security to all of the Group's other liabilities including the bonds.

On June 5, 2012, the Company and IPBV entered into a supplemental indenture with Bank of New York Mellon, as a trustee, for the IPBV Guaranteed Notes Due 2020 based on the consent letter received on May 21, 2012 representing 93.21% of the noteholders. The supplemental indenture included the amendment of certain definition under the previous Guaranteed Notes Due 2020 indentures and the approval for the assets sale transaction (Note 21).

On June 8, 2012, as required under the loan agreements with BRI, the Company sought for and received the consent letter to execute its certain assets sale transaction (Note 21).

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18. BONDS PAYABLE (continued)

As of December 31, 2015 and 2014, the Group complied with all financial ratios required to be maintained under the Notes Indenture and Trustee Agreements.

The total amortization of bonds issuance cost, consent solicitation fees, Guaranteed Notes issuance cost and discount for the years ended December 31, 2015 and 2014 amounted to Rp77,946 and Rp16,636, respectively (Note 28).

19. SHARIA BONDS

	2015	2014
a. Shelf Registration Indosat Sukuk Ijarah I Phase II in Year 2015	416,000	-
b. Indosat Sukuk Ijarah V in Year 2012	300,000	300,000
c. Shelf Registration Indosat Sukuk Ijarah I Phase I in Year 2014	190,000	190,000
d. Indosat Sukuk Ijarah IV in Year 2009	172,000	172,000
e. Shelf Registration Indosat Sukuk Ijarah I Phase III in Year 2015	106,000	-
	1,184,000	662,000
Less: unamortized sharia bonds issuance cost and consent solicitation fees	(2,604)	(1,595)
	1,181,396	660,405
Less: current maturities	(226,810)	-
Non-current portion	954,586	660,405

The details of the sharia bonds are as follows:

Bond	Nominal Amount	Annual Fixed Ijarah Return	Maturity	Remarks
a. Shelf Registration Indosat Sukuk Ijarah I Phase II year 2015				
▪ Series A	Rp55,000	▪ Rp4,703, payable on a quarterly basis starting September 4, 2015 up to June 14, 2016.	June 14, 2016	▪ To finance frequency fee. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had $_{id}AAA_{(sy)}$ rating from Pefindo.
▪ Series B	Rp76,000	▪ Rp7,030, payable on a quarterly basis starting September 4, 2015 up to June 4, 2018.	June 4, 2018	
▪ Series C	Rp67,000	▪ Rp6,700, payable on a quarterly basis starting September 4, 2015 up to June 4, 2020.	June 4, 2020	
▪ Series D	Rp43,000	▪ Rp4,408, payable on a quarterly basis starting September 4, 2015 up to June 4, 2022.	June 4, 2022	
▪ Series E	Rp175,000	▪ Rp18,200, payable on a quarterly basis starting September 4, 2015 up to June 4, 2025.	June 4, 2025	

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19. SHARIA BONDS (continued)

The details of the sharia bonds are as follows: (continued)

Bond	Nominal Amount	Annual Fixed Ijarah Return	Maturity	Remarks
b. Indosat Sukuk. Ijarah V in year 2012 ("Sukuk Ijarah V")	Rp300,000	▪ Rp25,875, payable on a quarterly basis starting September 27, 2012 up to June 27, 2019.	June 27, 2019	▪ To finance frequency fee, purchase of BSS, and repurchase of Second Indosat Bonds in Year 2012 Series B. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had $_{id}$AAA$_{(sy)}$ rating from Pefindo.
c. Shelf Registration Indosat Sukuk Ijarah I Phase I in Year 2014				
▪ Series A	Rp64,000	▪ Rp6,400, payable on a quarterly basis starting March 12, 2015 up to December 12, 2017.	December 12, 2017	▪ To finance license fee. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the bonds had $_{id}$AAA$_{(sy)}$ rating from Pefindo.
▪ Series B	Rp16,000	▪ Rp1,648, payable on a quarterly basis starting March 12, 2015 up to December 12, 2019.	December 12, 2019	
▪ Series C	Rp110,000	▪ Rp11,550, payable on a quarterly basis starting March 12, 2015 up to December 12, 2021.	December 12, 2021	
d. Indosat Sukuk Ijarah IV in Year 2009 ("Sukuk Ijarah IV")				
▪ Series A	Rp28,000	▪ Rp3,150, paid on a quarterly basis starting March 8, 2010 up to December 8, 2014.	December 8, 2014	▪ To finance capital expenditure. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in September 2015, the series B bonds had $_{id}$AAA$_{(sy)}$ rating from Pefindo. ▪ On December 8, 2014, the Company paid the series A bonds in full.
▪ Series B	Rp172,000	▪ Rp20,210, payable on a quarterly basis starting March 8, 2010 up to December 8, 2016.	December 8, 2016	
e. Shelf Registration Indosat Sukuk Ijarah I Phase III in Year 2015				
▪ Series A	Rp65,000	▪ Rp6,890, payable on a quarterly basis starting March 8, 2016 up to December 8, 2022.	December 8, 2022	▪ To finance procurement of BSS. ▪ The Company can buy back part or all of the bonds, after the 1st anniversary of the bonds, at market price. ▪ Based on the latest rating report released in November 2015 by Fitch, the bonds had AAA(idn) rating.
▪ Series B	Rp41,000	▪ Rp4,592, payable on a quarterly basis starting March 8, 2016 up to December 8, 2025.	December 8, 2025	

The future scheduled principal payments of the sharia bonds outstanding as of December 31, 2015 are as follows:

	Twelve months ending					
	2016	2017	2018	2019	2020 and thereafter	Total
Shelf Registration Indosat Sukuk Ijarah I Phase II	55,000	-	76,000	-	285,000	416,000
Sukuk Ijarah V	-	-	-	300,000	-	300,000
Shelf Registration Indosat Sukuk Ijarah I Phase I	-	64,000	-	16,000	110,000	190,000
Sukuk Ijarah IV	172,000	-	-	-	-	172,000
Shelf Registration Indosat Sukuk Ijarah I Phase III	-	-	-	-	106,000	106,000
	227,000	64,000	76,000	316,000	501,000	1,184,000
Less: unamortized sharia bonds issuance cost and consent solicitation fees						(2,604)
						1,181,396

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19. SHARIA BONDS (continued)

All sharia bonds are neither collateralized by any specific assets of the Company nor guaranteed by other parties. All of the Company's assets are used as pari-passu security to all of the Company's other liabilities including the sharia bonds.

Ijarah objects that underlie the issuance of sharia bonds are the relevant beneficial interest of certain telecommunications equipment owned by the Company.

Sharia bonds were issued for the purpose of working capital financing and has been registered in Indonesian Stock Exchange with PT Bank Rakyat Indonesia Tbk as a trustee.

As of December 31, 2015 and 2014, the Group complied with all financial ratios required to be maintained under Trustee Agreements.

The total amortization of sharia bonds issuance cost and consent solicitation fees for the years ended December 31, 2015 and 2014 amounted to Rp747 and Rp508, respectively (Note 28).

20. PROVISION FOR LEGAL CASE

On January 18, 2012, the Company and IMM, a subsidiary, were investigated by the Attorney General's Office (AGO) in connection with the cooperation agreement between the Company and IMM to provide 3G-based broadband internet services. IMM had been accused of illegally using the Company's 3G license (Note 1a) without paying annual frequency fee, concession fee and tender upfront fee (hereafter known as the "Litigation Case"). The MOCIT, as well as the Indonesian Telecommunication Regulatory Body ("BRTI"), has made a public statement that IMM has not breached any prevailing law or regulations; nevertheless, the case continued to be investigated by the AGO. During the investigation process, AGO was assisted by Badan Pengawasan Keuangan dan Pembangunan [Indonesian Finance and Development Supervisory Agency or ("BPKP")] to evaluate the State loss sustained under the Litigation Case. Subsequently, BPKP issued its report No. SR1024/D6/01/2012 dated November 9, 2012 including the attached BPKP audit report dated October 31, 2012 (collectively referred to as "BPKP Report"). Based on its report, BPKP concluded that there is a State loss amounting to Rp1,358,343 incurred since IMM did not pay concession fee and tender upfront fee to the State.

On July 8, 2013, Pengadilan Tindak Pidana Korupsi ("the Corruption Court") issued its final verdict which found Mr. Indar Atmanto (former President Director of IMM), guilty by virtue of representing IMM in signing and entering into a cooperation agreement with the Company and sentenced him to four years imprisonment, and charging him the penalty amounting to Rp200 (if Mr. Indar Atmanto refuses to pay the penalty, he would serve an additional three months imprisonment). Based on the decision, the Corruption Court inconsistently ordered IMM to pay substitution money in the amount of Rp1,358,343, as charged by the prosecutors for the losses sustained by the State, although IMM has not been previously indicted as a defendant.

20. PROVISION FOR LEGAL CASE (continued)

A petition for an appeal was formally filed by Mr. Indar Atmanto on July 11, 2013 to the High Court of Jakarta (the "Appellate Court") and subsequently the AGO also filed its appeal on July 15, 2013 to the Appellate Court. On January 10, 2014, the Appellate Court examined the case and reaffirmed the decision of the Corruption Court. In addition, the Appellate Court increased the punishment of Mr. Indar Atmanto from four years to eight years imprisonment. The penalty and additional imprisonment term (if Mr. Indar Atmanto refuses to pay the penalty) remained the same. However, the conviction against IMM to pay substitution money in the amount of Rp1,358,343 was annulled. The Appellate Court considered IMM as a separate legal entity, and therefore stated that any cases brought against it must be indicted separately as it was not accused yet as a defendant in the original case against Mr. Indar Atmanto.

Under Indonesian Law, the Appellate Court decision is not yet final and binding as Mr. Indar Atmanto and the AGO have submitted their petitions for cassation. A petition for cassation on behalf of Mr. Indar Atmanto was filed on January 23, 2014 and the Memorandum of Cassation was submitted by the lawyers on February 5, 2014 to the Supreme Court. Mr. Indar Atmanto also submitted his private Memorandum of Cassation on February 5, 2014. The AGO has also filed a petition for cassation since the Appellate Court's verdict is less than the prosecution plan and has annulled the charge of substitution money against IMM. This cassation implies that the AGO will not execute the decision of the Appellate Court before the Supreme Court issued its decision which, under Indonesian law, is considered as a final and binding decision.

Based on a posting in the official website of the Supreme Court, the Supreme Court reported that it had examined and decided the Litigation Case on July 10, 2014, but no detailed information regarding the exact content of such Supreme Court's decision was available.

On September 16, 2014, the South Jakarta Attorney Office ("*Kejaksaan Negeri Jakarta Selatan*"), without preliminary notification, executed the Supreme Court's decision on Mr. Indar Atmanto. The execution was done based on a quotation of the Supreme Court's decision, which states, among others, that (i) Mr. Indar Atmanto is found guilty and sentenced to eight years imprisonment and charged with penalty of Rp300 (if the penalty is not paid, Mr. Indar Atmanto would serve an additional six months imprisonment), and (ii) IMM pay the losses sustained by the State amounting to Rp1,358,343. In conjunction with the Supreme Court's decision on the Litigation Case, the Company recognized a provision for the legal case amounting to Rp1,358,643 (Note 31) (including the penalty imposed on Mr. Indar Atmanto) in the consolidated financial statements.

In relation to the Litigation Case above, the Company, IMM and Mr. Indar Atmanto filed a petition to *Pengadilan Tata Usaha Negara* (administrative court or "TUN") to cancel the BPKP Report used as the basis to calculate the State loss from the Litigation Case. Based on the administrative court's decision No. 231/G/2012/PTUN-JKT dated May 1, 2013, the panel of judges declared that the BPKP Report was illegal and instructed BPKP to withdraw such report. The administrative court's decision related to the BPKP Report had been supported by the High Court's decision No. 167/B/2013/PT.TUN.JKT dated January 28, 2014 and the Supreme Court's decision No. 263 K/TUN/2014 dated July 21, 2014, whereas based on Indonesian Law, the Supreme Court's decision is considered final and binding ("TUN case").

The Supreme Court's decision in TUN Case appears to contradict the Supreme Court's decision in the Litigation Case regarding whether there is any loss sustained by the State.

20. PROVISION FOR LEGAL CASE (continued)

Due to this decision, BPKP filed a judicial review [Peninjauan Kembali ("PK")] on March 16, 2015 related to TUN case. Subsequently, based on a posting in the official website of the Supreme Court on October 13, 2015, the Supreme Court granted the BPKP's udicial review. On December 16, 2015, the Company received the official copy of such Supreme Court's decision.

On January 16, 2015, Mr.Indar Atmanto and/or his lawyer received the official copy of the Supreme Court's decision No. 787K/PID.SUS/2014 dated July 10, 2014 regarding the Litigation Case. Then, on March 16, 2015, Mr. Indar Atmanto's submission of judicial review was officially registered at the Corruption Court under No. 08/AKTA.PID.SUS/PK/TPK/2015/PN.Jkt.Pst. Subsequently, on November 4, 2015, the Supreme Court's official website announced that the judicial review filed by Mr. Indar Atmanto was rejected based on Supreme Court's decision dated October 20, 2015. As of the issuance date of the consolidated financial statements, the official copy of such Supreme Court's decision has not been received.

21. TOWER SALE AND LEASEBACK

On February 7, 2012, the Company entered into an Asset Sale Agreement with PT Tower Bersama Infrastructure Tbk and its subsidiary, PT Solusi Menara Indonesia (collectively referred to as "Tower Bersama"), whereby the Company agreed to sell 2,500 of its telecommunication towers to Tower Bersama for a total consideration of US$518,500, consisting of US$406,000 paid upfront and a maximum potential deferred payment of US$112,500. The upfront payment includes PT Tower Bersama Infrastructure Tbk's shares of not less than 5% of the increase in its capital stock (upon the Rights Issue of PT Tower Bersama Infrastructure Tbk). Based on the agreement, the Company also agreed to lease back the spaces in the 2,500 telecommunication towers for a 10-year period with fixed monthly lease rate of US$1,300 per tower slot (in full amount). The leases have an option to be renewed for a further 10-year period.

On August 2, 2012, the Company and Tower Bersama closed the deal on the sale-and-leaseback transaction of 2,500 telecommunication towers. On the closing date of such transaction, the Company received cash amounting to US$326,289 (equal to Rp3,092,894) and obtained 5% ownership (equal to 239,826,310 shares) in Tower Bersama with a value of US$103,101 (equivalent to Rp977,292).

The total consideration of US$429,390 (equal to Rp4,070,187) is allocated to the sales of property and equipment amounting to Rp3,870,600 and the remainder is allocated to prepaid land lease and existing tower lease contracts from the 2,500 towers. The total carrying amount of the separately identifiable components of the transaction is Rp1,534,494 which includes the carrying amount of property and equipment amounting to Rp1,372,674. As of the agreement closing date, the Company recorded the excess of the selling price over the carrying amounts of the property and equipment amounting to Rp2,535,693 (including the Rp2,497,926 from the sale of property and equipment) as "gain on sale of towers" of Rp1,125,192, and "deferred gain on sale-and-leaseback transactions" of Rp1,410,501. The deferred gain will be amortized over the term of the lease, being 10 years.

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21. TOWER SALE AND LEASEBACK (continued)

On March 14, 2014, the Company entered into an agreement with Merrill Lynch, Singapore, Pte. Ltd. to sell the Company's investment in 239,826,310 shares of Tower Bersama for a selling price of Rp5,800 per share (in full amount). On March 19, 2014, the Company received the net proceeds from the sale of its shares in Tower Bersama amounting Rp1,379,114 (net of brokerage and legal fees, and related income tax). The cumulative fair value gain of Rp413,700 previously recorded in other comprehensive income was reclassified to profit or loss in March 2014.

As of December 31, 2015 and 2014, the current portion of the deferred gain amounting to Rp141,050 at the end of each year was presented as part of "other current liabilities", while the non-current portion amounting to Rp787,530 and Rp928,580, respectively, were presented as part of "other non-current liabilities".

For the years ended December 31, 2015 and 2014, the Company recorded an amortization of the deferred gain amounting to Rp141,050 for each year.

22. CAPITAL STOCK

The "A" share is a special share held by the Government and has special voting rights. The material rights and restrictions which are applicable to the "B" shares are also applicable to the "A" share, except that the Government may not transfer the "A" share, which has a veto right with respect to: (i) amendment to the objective and purposes of the Company; (ii) increase of capital without pre-emptive rights; (iii) merger, consolidation, acquisition and demerger; (iv) amendment to the provisions regarding the rights of "A" share as stipulated in the Articles of Association; and (v) dissolution, bankruptcy and liquidation of the Company. The holder of "A" share also has the right to appoint one director and one commissioner of the Company.

The Company's capital stock ownership is as follows:

Shareholders	Number of shares issued and fully paid	Amount	Percentage of ownership (%)
December 31, 2015			
A - Share			
Government	1	-	-
B - Share			
Ooredoo Asia, Pte. Ltd.	3,532,056,600	353,206	65.00
Government	776,624,999	77,662	14.29
Public(each holding less than 5%)	1,125,251,900	112,525	20.71
	5,433,933,500	543,393	100.00
December 31, 2014			
A - Share			
Government	1	-	-
B - Share			
Ooredoo Asia, Pte. Ltd.	3,532,056,600	353,206	65.00
Government	776,624,999	77,662	14.29
SKAGEN Funds (SKAGEN AS)	292,740,950	29,274	5.39
Director: Fadzri Sentosa[i]	10,000	1	0.00
Public (each holding less than 5%)	832,500,950	83,250	15.32
	5,433,933,500	543,393	100.00

[i] Effective on February 17, 2015, Fadzri Sentosa was no longer a director of the Company.

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22. CAPITAL STOCK (continued)

Additional Paid-In Capital

The Company's additional paid-in capital stock as of December 31, 2015 and 2014 consisted of the following:

	Amount
Excess of proceeds over par value in the initial public offering	673,075
Exercise of Employee Stock Option Phase I and II in 2004 - 2006	873,512
	1,546,587

23. LOSS PER SHARE

The basic and diluted loss per share calculation is as follows:

	2015	2014 (As restated; Note 2c)
Loss for the year attributable to owner of the Parent	(1,310,001)	(2,008,364)
Weighted average number of ordinary shares outstanding	5,433,933,500	5,433,933,500
Basic loss per share (full amount Rupiah)	(241.08)	(369.60)

The Company has no potential dilutive ordinary shares. Therefore, the diluted loss per share is equivalent to the basic loss per share.

24. REVENUE

	2015	2014
Cellular		
Voice	7,604,021	7,282,088
Data	7,031,048	4,481,412
SMS	4,985,612	4,530,403
Interconnection services	1,925,302	2,213,000
Value added services	826,844	720,887
Tower leasing	701,679	667,178
Others	595,330	404,268
	23,669,836	20,299,236
Less: Discount and customer loyalty program	(1,774,114)	(818,771)
	21,895,722	19,480,465

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24. REVENUE (continued)

	2015	2014
MIDI		
Internet Protocol Virtual Private Network (IP VPN)	797,559	864,367
Multiprotocol Label Switching (MPLS)	753,170	427,985
Internet	563,529	580,135
Application services	417,379	299,244
Satellite lease	354,008	301,380
World link and direct link	260,788	252,497
Leased line	245,045	295,319
Digital data network	138,759	115,855
Frame net	52,205	69,119
Value added service	44,411	89,755
Others	126,632	212,907
	3,753,485	3,508,563
Fixed Telecommunications		
International Calls	975,813	920,095
Fixed Line	130,910	130,887
Fixed Wireless access	12,595	45,091
	1,119,318	1,096,073
	26,768,525	24,085,101

The details of cellular revenue-value added services received from agency relationships are as follows:

	2015	2014
Gross revenue	1,412,059	1,122,392
Compensation to value added service providers	(585,215)	(401,505)
Net revenue	826,844	720,887

Refer to Note 31 for related party information.

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25. EXPENSES - COST OF TELECOMMUNICATION SERVICES

	2015	2014
Radio frequency fee (Note 34)	2,963,247	2,618,852
Interconnection	2,376,195	2,554,771
Maintenance	1,443,798	1,111,763
Rent	1,181,258	976,445
Utilities	968,344	963,313
Cost of handsets, modems and IT solutions	440,261	186,546
Leased circuits	370,314	395,738
USO (Note 34)	340,468	293,343
Cost of SIM cards and pulse reload vouchers	255,367	249,127
Blackberry access fee	204,650	404,819
Telecommunications service concession fee (Note 34)	171,923	152,397
Installation	148,653	173,563
Delivery and transportation	137,190	132,648
License	105,576	75,784
Billing and collection	37,746	41,141
Others (each below Rp20,000)	68,912	78,662
	11,213,902	10,408,912

Interconnection relates to the expenses for the interconnection between the Group's telecommunications networks and those owned by Telkom or other telecommunications carriers (Note 2j).

26. EXPENSES - PERSONNEL

	2015	2014 (As restated; Note 2c)
Salaries	723,591	634,604
Incentives and other employee benefits	413,136	389,993
Employee income tax allowance	256,767	234,713
Bonuses	227,121	200,919
Employee benefit obligations (Note 16)	183,982	130,025
Medical expense	80,268	84,640
Severance	28,110	61,539
Others (each below Rp5,000)	8,096	2,194
	1,921,071	1,738,627

The personnel expenses capitalized to assets under construction and installation for the years ended December 31, 2015 and 2014 amounted to Rp102,627 and Rp80,913, respectively.

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27. EXPENSES – MARKETING, GENERAL, AND ADMINISTRATIVE

a. Expenses – marketing

	2015	2014
Advertising	260,079	316,710
Branding	255,832	12,636
Channel program	187,735	226,028
Customer loyalty expense	113,853	87,817
Exhibition	96,439	98,959
Marketing agency	95,286	96,165
Promotion	77,006	85,578
Market research	69,893	53,823
Joint marketing cost	27,001	12,195
Others (each below Rp10,000)	53,555	54,973
	1,236,679	1,044,884

b. Expenses - general and administrative

	2015	2014
Professional fees	359,721	289,904
Rent	151,030	145,326
Transportation	86,597	81,624
Provision for impairment of accounts receivable - net (Note 5)	69,868	84,816
Insurance	65,830	36,561
Training, education and research	47,865	36,121
Administrative expenses	35,000	31,777
Social activities	21,424	7,887
Utilities	20,628	21,761
Public relation	15,722	15,396
Land and building taxes	8,460	7,722
Direct write-off of accounts receivable	8,240	32,813
Membership	6,694	6,047
Communication	5,526	6,676
Others (each below Rp5,000)	20,962	55,098
	923,567	859,529

28. FINANCE COSTS

	2015	2014
Interest on loans	2,203,880	1,890,632
Finance charges under finance lease	458,090	458,405
Amortization of debt and bonds/notes issuance costs, consent solicitation fees and discount (Notes 13, 17, 18 and 19)	118,392	46,986
Others	49,102	10,513
	2,829,464	2,406,536

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

29. FINANCIAL ASSETS AND LIABILITIES

The Group has various financial assets such as trade and other accounts receivable, restricted and unrestricted cash and cash equivalents and others, which arise directly from the Group's operations. The Group's principal financial liabilities, other than derivatives, consist of loans, bonds payable and sharia bonds, procurement payable, trade accounts payable and others. The Company also enters into derivative transactions, primarily interest rate swaps and currency forward contracts, for the purpose of managing its foreign exchange and interest rate exposures originating from the Company's loans and bonds payable and other financial liabilities in foreign currencies.

The following table sets forth the carrying values and estimated fair values of the Group's financial instruments that are carried in the consolidated statement of financial position:

	Carrying Amount		Fair Value	
	2015	2014	2015	2014
Current Financial Assets				
Cash and cash equivalents	3,623,346	3,480,011	3,623,346	3,480,011
Restricted cash	77,574	5,656	77,574	5,656
Accounts receivable - trade and others - net	2,741,407	2,101,127	2,741,407	2,101,127
Derivative assets	1,030	75,986	1,030	75,986
Other current financial assets	13,591	10,631	13,591	10,631
Total current financial assets	6,456,948	5,673,411	6,456,948	5,673,411
Non-current Financial Assets				
Restricted cash	49,427	114,598	49,427	114,598
Due from related parties	2,758	3,496	2,346	3,035
Long-term investments	37,821	2,730	37,821	52,730
Other non-current financial assets	54,881	40,023	53,085	39,217
Total non-current financial assets	144,887	160,847	142,679	209,580
Total financial assets	6,601,835	5,834,258	6,599,627	5,882,991
Current Financial Liabilities				
Short-term loans	1,449,022	849,448	1,449,022	849,448
Accounts payable - trade	764,142	690,559	764,142	690,559
Procurement payable	6,263,117	3,095,518	6,263,117	3,095,518
Accrued expenses	1,730,483	1,818,791	1,730,483	1,818,791
Short-term employee benefit obligations	335,620	332,123	335,620	332,123
Deposits from customer	54,471	38,791	54,471	38,791
Derivative liabilities	290,747	31,740	290,747	31,740
Current maturities of borrowings:				
- Loans payable	4,240,746	2,613,500	4,291,323	2,632,762
- Bonds payable	1,152,791	8,333,611	1,175,701	8,851,269
- Sharia bonds	226,810	-	231,740	-
- Obligations under finance lease	516,527	420,674	899,372	830,783
Other current financial liabilities	1,014	2,355	1,014	2,355
Total current financial liabilities	17,025,490	18,227,110	17,486,752	19,174,139
Non-current Financial Liabilities				
Due to related parties	25,196	30,159	21,434	26,178
Borrowings, net of current maturities:				
- Loans payable	6,369,885	3,727,118	6,380,795	3,893,575
- Bonds payable	9,282,161	6,962,080	9,091,463	6,735,443
- Sharia bonds	954,586	660,405	949,055	634,642
- Obligations under finance lease	3,450,558	3,631,591	3,757,814	4,041,916
Other non-current financial liabilities	114	17,049	97	14,589
Total non-current financial liabilities	20,082,500	15,028,402	20,200,658	15,346,343
Total financial liabilities	37,107,990	33,255,512	37,687,410	34,520,482

29. FINANCIAL ASSETS AND LIABILITIES (continued)

The fair values of the financial assets and liabilities are presented at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Short-term financial assets and liabilities

- Short-term financial instruments with remaining maturities of one year or less, which comprise of cash and cash equivalents, short term portion of restricted cash, trade and other accounts receivable, other current financial assets, short-term loans, trade accounts payable, procurement payable, accrued expenses, short-term employee benefit obligations deposits from customers and other current financial liabilities.

  These financial instruments approximate their carrying amounts largely due to their short-term maturities.

- Derivative financial instruments

  Interest rate swap contracts

  These derivatives are measured at their fair values, computed using discounted cash flows based on observable market inputs which include interest rate yield curves and payment dates. Interest rate swap contracts are measured using Level 2 of Fair Value Hierarchy.

  Currency forward contracts

  These derivatives are measured at their fair values, computed using discounted cash flows based on observable market inputs which include foreign exchange rates, payment dates and the spot price of the underlying instruments. Currency forward contracts are measured using Level 2 of Fair Value Hierarchy.

Long-term financial assets and liabilities

- Long-term fixed-rate and variable-rate financial liabilities, which comprise of unquoted loans, obligations under finance lease, sharia bond and bonds payable.

  The fair value of these financial liabilities that are not traded in active market is determined by discounting future cash flows using applicable rates from observable current market transactions for instruments with similar terms, credit risk and remaining maturities. These instruments are included in Level 2.

  The fair value of quoted bonds and sharia bonds payable is based on quoted market prices at the financial position date. These instruments are included in Level 1.

29. FINANCIAL ASSETS AND LIABILITIES (continued)

Long-term financial assets and liabilities (continued)

- Other long-term financial assets and liabilities, which comprise of due from/to related parties, long-term investments, obligations under finance lease and other non-current financial assets/liabilities.

  Estimated fair value is based on discounted value of future cash flows adjusted to reflect counterparty risk (for financial assets) and the Group's own credit risk (for financial liabilities). Due from/to related parties, obligations under finance lease, other non-current financial liabilities and other non-current financial assets are measured using Level 2 while long-term investments classified as available for sale whose fair values cannot be reliably measured are measured using Level 3 of Fair Value Hierarchy which represent consideration payment or cost.

- Financial instruments quoted in an active market

  For equity investment classified as available-for-sale, the fair value of the investment in PT First Media Tbk was determined based on the market quotation as of December 31, 2015 published by the Indonesia Stock Exchange.

Fair Value Hierarchy

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The assessment of the significance of a particular input to the fair value measurements requires judgement, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy. The fair value hierarchy consists as follows:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

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29. FINANCIAL ASSETS AND LIABILITIES (continued)

Fair Value Hierarchy (continued)

The Group's fair value measurement hierarchy is as follows:

	2015			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value:				
Derivative assets	1,030	-	1,030	-
Long-term investments	35,091	35,091	-	-
	36,121	35,091	1,030	-
Assets for which fair values are disclosed:				
Restricted cash	49,427	-	49,427	-
Due from related parties-net	2,346	-	2,346	-
Long-term investments	2,730	-	-	2,730
Other non-current financial assets	53,085	-	53,085	-
	107,588	-	104,858	2,730
Liabilities measured at fair value:				
Derivative liabilities	290,747	-	290,747	-
Liabilities for which fair values are disclosed:				
Current maturities of borrowings:				
- Loans payable	4,291,323	-	4,291,323	-
- Bonds payable	1,175,701	1,175,701	-	-
- Sharia bonds	231,740	231,740	-	-
- Obligations under finance lease	899,372	-	899,372	-
Due to related parties	21,434	-	21,434	-
Borrowings, net of current maturities:				
- Loans payable	6,380,795	-	6,380,795	-
- Bonds payable	9,091,463	9,091,463	-	-
- Sharia bonds	949,055	949,055	-	-
- Obligations under finance lease	3,757,814	-	3,757,814	-
Other non-current financial liabilities	97	-	97	-
	26,798,794	11,447,959	15,350,835	-

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29. FINANCIAL ASSETS AND LIABILITIES (continued)

Fair Value Hierarchy (continued)

	2014			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Derivative assets	75,986	-	75,986	-
Long-term investments	50,000	50,000	-	-
	125,986	50,000	75,986	-
Assets for which fair values are disclosed:				
Restricted cash	114,598	-	114,598	-
Due from related parties-net	3,035	-	3,035	-
Long-term investments	2,730	-	-	2,730
Other non-current financial assets	39,217	-	39,217	-
	159,580	-	156,850	2,730
Liabilities measured at fair value:				
Derivative liabilities	31,740	-	31,740	-
Liabilities for which fair values are disclosed:				
Current maturities of borrowings:				
- Loans payable	2,632,762	-	2,632,762	-
- Bonds payable	8,851,269	8,851,269	-	-
- Obligations under finance lease	830,783	-	830,783	-
Due to related parties	26,178	-	26,178	-
Borrowings, net of current maturities:				
- Loans payable	3,893,575	-	3,893,575	-
- Bonds payable	6,735,443	6,735,443	-	-
- Sharia bonds	634,642	634,642	-	-
- Obligations under finance lease	4,041,916	-	4,041,916	-
Other non-current financial liabilities	14,589	-	14,589	-
	27,661,157	16,221,354	11,439,803	-

For the years ended December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Pension benefit plan

The Company and Lintasarta paid an upfront lump sum amount of cash to procure a group insurance from PT Asuransi Jiwasraya ("Jiwasraya") that covers certain employees of theirs. The insurance provides retirement, death and disability benefits to those employees. The scheme is in substance a defined benefit plan for which the total costs of the benefits were all paid upfront by the Company and Lintasarta. The Company's and Lintasarta's benefit obligations are predicated on a constant annual percentage of increase in salaries, and that the employees will work until they retire.

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30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Pension benefit plan (continued)

The Company also procured death and disability insurance for its remaining employees that are not covered under the above scheme. The total costs of such benefit were also paid upfront by the Company to Jiwasraya.

All of the above benefits are presented within the overall pension benefit plan.

Prepaid pension benefit cost

The net periodic pension cost of the Group was calculated based on actuarial valuations as of December 31, 2015 and 2014. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method, with the following principal assumptions:

	2015	2014
Annual discount rate	9% and 9.25%	8% and 8.5%
Annual rate of increase in compensation	3%, 6% and 9%	3%, 6% and 9%
Mortality rate (Indonesian Mortality Table - TMI)	TMI 2011	TMI 2011

The funded status of the pension plan are as follows:

	2015	2014 (As restated; Note 2c)
Cash value of the insurance	596,789	576,053
Present value of benefit obligation	(501,199)	(486,301)
Prepaid pension (Note 16)	95,590	89,752
Less: Current portion	(1,191)	(3,020)
Non-current portion	94,399	86,732

The movements in the fair value of plan assets are as follows:

	2015	2014 (As restated; Note 2c)
At the beginning of the year	576,053	549,859
Interest income on plan assets	45,082	48,367
Remeasurement: return on plan assets	2,152	5,434
Contributions	1,285	10,773
Benefit paid	(27,783)	(38,380)
At the end of the year	596,789	576,053

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30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Prepaid pension benefit cost (continued)

The amounts recognized in the profit or loss are as follows:

	2015	2014 (As restated; Note 2c)
Current service cost	26,482	25,088
Net interest on the net defined benefit asset	(7,234)	(10,801)
Past service cost	3,864	1,112
	23,112	15,399

The movements in the present value of defined benefit obligation are as follows:

	2015	2014 (As restated; Note 2c)
At the beginning of the year	486,301	422,206
Interest cost	37,848	37,566
Current service cost	26,482	25,088
Remeasurements:		
- Experience losses	5,539	2,579
- (Gains) losses from changes in actuarial assumptions	(31,611)	31,974
Past service cost	3,864	1,112
Benefit paid	(27,224)	(34,224)
At the end of the year	501,199	486,301

The maturity of undiscounted defined benefits plan obligation as of December 31, 2015 and 2014 is as follows:

	2015	2014
Within the next 12 months	30,543	23,846
Between 2 and 5 years	181,017	170,497
Between 5 and 10 years	491,785	430,812
Beyond 10 years	667,732	791,351
	1,371,077	1,416,506

Obligations under Labor Law No. 13/2003

The net periodic pension cost of the Group was calculated based on actuarial valuations as of December 31, 2015 and 2014. The actuarial valuations were prepared by an independent actuary, using the projected-unit-credit method, with the following principal assumptions:

	2015	2014
Annual discount rate	9% and 9.25%	8.5%
Annual rate of increase in compensation	7.5%	7.5%

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30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Obligations under Labor Law No. 13/2003 (continued)

The movements of the defined benefit obligation are as follows:

	2015	2014 (As restated; Note 2c)
At the beginning of the year	307,480	244,877
Current service cost	32,436	25,717
Interest cost	25,910	22,746
Past service cost	10,876	6,318
Remeasurements:		
- Experience (gains) losses	(277)	(7,763)
- (Gains) losses from changes in actuarial assumptions	(26,805)	26,373
Benefit paid	(5,317)	(10,788)
At the end of the year (Note 16)	344,303	307,480
Less: current portion	(7,832)	(6,518)
Non-current portion	336,471	300,962

The amounts recognized in the profit or loss are as follows:

	2015	2014 (As restated; Note 2c)
Current service cost	32,436	25,717
Interest cost	25,910	22,746
Past service cost	10,876	6,318
Others	-	(2,294)
	69,222	52,487

The maturity of undiscounted defined benefit obligation as of December 31, 2015 and 2014 is as follows:

	2015	2014
Within the next 12 months	7,832	6,518
Between 2 and 5 years	48,301	44,253
Between 5 and 10 years	232,079	185,050
Beyond 10 years	2,591,487	2,378,014
	2,879,699	2,613,835

Post-retirement healthcare benefit

The Company provides post-retirement healthcare benefits to its retired employees who leave the Company after they reach the retirement age or after they fulfill the early retirement requirement. The spouse and children who have been officially registered in the administration records of the Company are also eligible to receive such benefits.

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30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Post-retirement healthcare benefit (continued)

The actuarial valuation for the post-retirement health care benefits was prepared by an independent actuary, using the projected-unit-credit method, with the following principal assumptions:

	2015	2014
Annual discount rate	9.5%	9%
Ultimate cost trend rate	6%	6%
Next year trend rate	16%	6%
Period to reach ultimate cost trend rate	10 year	0 year

The movements of the defined benefit obligation are as follows:

	2015	2014 (As restated; Note 2c)
At the beginning of the year	640,551	482,526
Current service cost	20,633	15,876
Interest cost	57,242	45,161
Past service cost	(13,135)	(9,773)
Remeasurements:		
- Experience (gains) losses	(105,891)	68,160
- (Gains) losses from changes in actuarial assumptions	(51,753)	53,850
Benefit paid	(9,067)	(15,746)
Cost of transferred employee	-	497
At the end of the year (Note 16)	538,580	640,551
Less: current portion	(9,089)	(15,584)
Non-current portion	529,491	624,967

The amounts recognized in the profit or loss are as follows:

	2015	2014 (As restated; Note 2c)
Interest cost	57,242	45,161
Current service cost	20,633	15,876
Past service cost	(13,135)	(9,773)
Cost of transferred employee	-	497
	64,740	51,761

The maturity of undiscounted defined benefit obligation as of December 31, 2015 and 2014 is as follows:

	2015	2014
Within the next 12 months	9,089	15,584
Between 2 and 5 years	54,352	76,659
Between 5 and 10 years	124,110	143,244
Beyond 10 years	1,743,179	1,837,505
	1,930,730	2,072,992

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30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity analysis on defined benefit obligation

A quantitative sensitivity analysis for significant assumptions as of December 31, 2015 is as follows:

		Impact to defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Pension benefit cost			
- Discount rate	1%	Decrease by 5.60%-10.06%	Increase by 6.15%-11.71%
Obligation under Labor Law			
- Discount rate	1%	Decrease by 9.13%-11.86%	Increase by 10.49%-14.06%
Post-retirement healthcare benefit			
- Discount rate	1%	Decrease by 15.97%	Increase by 20.54%
- Medical cost trend	1%	Increase by 20.57%	Decrease by 16.22%

The sensitivity analysis on defined benefit obligation are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated statement of financial position.

Average duration of defined benefit plan

The average duration of defined benefit obligation was as follows:

	2015	2014
Pension benefit cost		
The Company:		
- Retirement and disability benefits	7.3 years	8.3 years
- Death benefits	12.6 years	13.5 years
Lintasarta:		
- Retirement and disability benefits	8.4 years	8.8 years
Obligation under Labor Law		
The Company	11.5 years	13.2 years
Lintasarta	11.5 years	11.8 years
IMM	15.4 years	14.2 years
Post-retirement healthcare benefit		
The Company	19.1 years	19.9 years

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30. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)

Five annual periods of employee benefits

Amounts of employee benefits for the five annual periods are as follows:

	2015	2014	2013	2012	2011
Post-retirement healthcare benefit					
Present value of benefit obligation	(538,580)	(640,551)	(482,526)	(1,017,673)	(687,789)
Experience gain (loss) adjustments arising on plan liabilities	105,891	(68,160)	285,903	(21,453)	160,703
Obligations under Labor Law No. 13/2003					
Present value of benefit obligation	(344,303)	(307,480)	(244,877)	(367,641)	(291,135)
Experience gain (loss) adjustments arising on plan liabilities	277	7,763	(7,222)	(15,902)	(68,539)
Prepaid pension benefit cost					
Plan assets	596,789	576,053	549,859	576,335	538,902
Present value of benefit obligation	(501,199)	(486,301)	(422,206)	(554,209)	(463,074)
	95,590	89,752	127,653	22,126	75,828
Experience gain (loss) adjustments arising on plan liabilities	(5,539)	(2,579)	(1,290)	(2,790)	12,626
Experience gain (loss) adjustments arising on plan assets	(2,152)	(5,434)	(2,017)	(4,640)	(14,041)

The Group is exposed to a number of risks through its pension benefit plan. The most significant risks are as follow:

<u>Changes in bond yields</u>
A decrease in yield from high quality government bond will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

<u>Life expectancy</u>
The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

31. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES

The relationship and nature of account balances/transactions with related parties are as follows:

No	Related Parties	Relationship	Balances/Transactions
1.	Banks: state-owned banks and regional development banks (BPD)	Government-related entities	Cash and cash equivalents, accounts receivable - trade, restricted cash, other current and non-current financial assets, short-term loan, revenue, interest income (financing cost) – net
2.	State-owned companies, including Telkom	Government-related entities	Accounts receivable - trade, other assets and prepayments, due from related parties, accounts payable - trade, procurement payable, accrued expenses, loan payables, due to related parties, revenue, expenses - cost of telecommunication services, personnel, marketing, general and administrative
3.	Ooredoo	Ultimate parent company	Accounts receivable - trade, accounts payable - trade, due to related parties, revenue and expenses - cost of telecommunication services, personnel, expenses - general and administrative.
4.	Kopindosat	Entity under significant influence	Prepayments, procurement payable, accrued expenses, due to related parties, revenue, expenses - cost of telecommunication services, marketing, general and administrative

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31. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

No	Related Parties	Relationship	Balances/Transactions
5.	Key management personnel (consisting of members of the Boards of Directors and Commissioners and those who directly report to the Board of Directors)	Key management personnel	Current portion of prepayments, due from related parties, short-term employee benefit, expenses - personnel
6.	PT Personel Alih Daya	Entity under significant influence	Accounts payable - trade, procurement payable, accrued expenses, due to related parties, expenses - cost of telecommunication services, marketing, general and administrative
7.	Government of The Republic of Indonesia	Government	Provision for legal case
8.	PT Bank QNB Kesawan Tbk ("QNBK")	Entity under common control	Cash and cash equivalents, restricted cash, other current and non-current financial assets

The details of the accounts and the significant transactions entered into with related parties are as follows:

	2015	2014
Assets		
Cash and cash equivalents (Note 4):		
- Banks	1,238,825	1,728,211
- QNBK	988,277	243,625
	2,227,102	1,971,836
Accounts receivable-trade (Note 5):		
- State-owned companies	410,942	420,637
- Banks	118,679	113,901
- Ooredoo	9,768	8,847
	539,389	543,385
Less: allowance for impairment	(28,850)	(24,433)
	510,539	518,952
Current portion of prepayments:		
- State-owned companies	38,232	19,999
- Kopindosat	2,957	2,420
- Key management personnel	-	3,820
	41,189	26,239
Restricted cash, other current and non-current financial assets:		
- Banks	141,107	124,922
- QNBK	1,300	93
	142,407	125,015
Due from related parties:		
- Key management personnel	2,701	1,928
- State-owned companies	72	1,583
	2,773	3,511
Less: allowance for impairment	(15)	(15)
	2,758	3,496

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31. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

	2015	2014
Assets (continued)		
Long-term prepayments - net of current portion:		
- State-owned companies	115,533	105,739
- Kopindosat	8,018	6,046
	123,551	111,785
Total	3,047,546	2,757,323
Percentage of total assets	5.50%	5.18%

	2015	2014
Liabilities		
Short-term loans:		
- Banks	1,199,053	599,481
Accounts payable-trade:		
- State-owned companies	102,067	16,605
- PT Personel Alih Daya	20,554	6,757
- Ooredoo	1,031	7,170
	123,652	30,532
Procurement payable (Note 14):		
- Kopindosat	23,767	16,582
- State-owned companies	17,168	19,032
- PT Personel Alih Daya	15,828	12,351
	56,763	47,965
Accrued expenses:		
- State-owned companies	154,561	270,001
- Kopindosat	31,796	68,491
- PT Personel Alih Daya	35,426	83,283
	221,783	421,775
Short-term employee benefit obligations:		
- Key management personnel	125,181	102,322
Loans payable - current portion		
- State-owned companies	749,687	-
Due to related parties:		
- Ooredoo	16,099	16,071
- State-owned companies	5,268	6,653
- Kopindosat	3,124	2,311
- PT Personel Alih Daya	705	5,124
	25,196	30,159
Loans payable - net of current portion		
- State-owned companies	99,879	849,112
Provision for legal case:		
- Government of the Republic of Indonesia	1,358,643	1,358,643
Total	3,959,837	3,439,989
Percentage of total liabilities	9.40%	8.83%

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

31. ACCOUNTS AND TRANSACTIONS WITH RELATED PARTIES (continued)

	2015	2014
Profit or loss		
Revenue (Note 24):		
- State-owned companies	1,480,546	1,247,297
- Banks	496,383	446,172
- Ooredoo	115,072	110,371
- Kopindosat	628	457
Total	2,092,629	1,804,297
Percentage of total revenue	7.82%	7.49%
Expenses		
Cost of telecommunication services:		
- State-owned companies	1,832,758	1,572,746
- Kopindosat	162,746	187,943
- PT Personel Alih Daya	157,141	194,764
- Ooredoo	130,989	46,306
	2,283,634	2,001,759
Personnel:		
Key management personnel		
- Short-term employee benefits	338,973	350,222
- Termination benefits	23,674	19,216
- Other long-term benefits	93	8,808
Ooredoo	33,723	52,016
State-owned companies	23,112	15,399
	419,575	445,661
Marketing:		
- PT Personel Alih Daya	63,677	82,894
- Kopindosat	31,682	25,319
- State-owned companies	132	-
	95,491	108,213
General and administrative:		
- State-owned companies	136,467	48,209
- PT Personel Alih Daya	28,616	14,863
- Kopindosat	21,273	26,739
- Ooredoo	2,680	6,669
	189,036	96,480
Total	2,987,736	2,652,113
Percentage of total expenses	12.24%	11,32%
Interest income:		
- Banks	139,264	87,203
Finance cost:		
- Banks	(65,363)	(108,595)
- State-owned companies	(61,419)	(71,193)
	(126,782)	(179,788)
Total	12,482	(92,585)
Percentage of other expenses	0.30%	3.55%

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a. Commitments

(i) Capital expenditures

As of December 31, 2015, commitments on capital expenditures amounted to US$60,882 and Rp1,187,041.

(ii) Lease commitment as a lessor

As at December 31, 2015 and 2014, the future minimum lease payment that the Company will receive from its lease out transactions are as follows:

	2015	2014
Within one year	472,205	490,691
After one year but not more than five years	1,751,239	1,875,134
More than five years	809,522	1,182,885
	3,032,966	3,548,710

The Company agreed to lease part of its telecommunications towers and sites to the parties below which are required to pay the lease and maintenance fees in advance which are recorded as part of unearned revenue:

Contracts Periods	Parties	Payment Term
January 29, 2010 - January 28, 2022 (12 years).	PT Hutchison 3 Indonesia (“H3I/Tri Indonesia”)	Annually
May 24, 2010 - May 23, 2020 (10 years)	PT XL Axiata Tbk (“XL Axiata”)	Annually
June 3, 2010 - June 2, 2020 (10 years)	PT Berca Global Access	Quarterly
February 4, 2011 - February 3, 2021 (10 years).	PT Dayamitra Telekomunikasi	Quarterly
February 10, 2011 - February 9, 2016 (5 years)	PT First Media Tbk	Semi-annually
July 18, 2011 - July 17, 2021 (10 years)	PT Putra Arga Binangun	Quarterly
September 29, 2011 - September 28, 2021 (10 years)	PT Smartfren Telecom Tbk	Quarterly
March 3, 2014 - March 2, 2024 (10 years)	PT BBSC Telecode	Quarterly

(iii) Lease commitment as a lessee

Finance leases

During 2008-2013, the Company entered into several agreements with PT Solusi Menara Indonesia, PT Profesional Telekomunikasi Indonesia (“Protelindo”), PT Solusindo Kreasi Pratama, PT XL Axiata Tbk, PT Dayamitra Telekomunikasi, PT Bit Teknologi Nusantara, PT Solusi Tunas Pratama Tbk, PT Corona Telecommunication Services, PT Mitrayasa Sarana Informasi and PT Tower Bersama Infrastructure Tbk to lease part of spaces in their telecommunications towers and sites for an initial period of 5-10 years. The Company may extend the lease period for another 10 years, with additional lease fees based on the inflation rates in Indonesia.

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (continued)

a. Commitments (continued)

(iii) Lease commitment as a lessee (continued)

Finance leases (continued)

Future minimum lease payments under the finance lease agreements as at December 31, 2015 and 2014, were as follows:

	2015	
	Minimum lease payments	Present value of lease payments
Within one year	924,837	516,527
After one year but not more than five years	3,330,179	2,359,064
More than five years	1,213,933	1,091,494
	5,468,949	3,967,085
Less: amount representing finance charge	(1,501,864)	-
	3,967,085	3,967,085

	2014	
	Minimum lease payments	Present value of lease payments
Within one year	854,327	420,674
After one year but not more than five years	3,228,738	2,082,877
More than five years	1,785,803	1,548,714
	5,868,868	4,052,265
Less: amount representing finance charge	(1,816,603)	-
	4,052,265	4,052,265

Operating leases

As at December 31, 2015 and 2014, the future minimum lease payments for the Company's operating lease-in transactions mainly in relation to lease of spaces for telecommunications equipment are as follows:

	2015	2014
Within one year	117,788	39,836
After one year but not more than five years	450,849	159,280
More than five years	287,065	137,819
	855,702	336,935

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (continued)

a. Commitments (continued)

(iii) Lease commitment as a lessee (continued)

Operating leases (continued)

Contracts Periods	Parties	Payment Term
January 7, 2014 - January 6, 2024 (10 years)	PT Solusi Tunas Pratama Tbk	Quarterly
April 27, 2015 - April 26, 2025 (10 years)	PT Profesional Telekomunikasi Indonesia ("Protelindo")	Semi-annually
April 2, 2014 - April 1, 2024 (10 years)	PT Persada Sokka Tama	Quarterly
April 23, 2015 - April 22, 2025 (10 years)	PT Komet Infra Nusantara ("KIN")	Quarterly
January 6, 2014 - January 5, 2024 (10 years)	PT Centratama Menara Indonesia	Quarterly
October 24, 2014 - October 23, 2024 (10 years)	PT Dayamitra Telekomunikasi ("Mitratel")	Quarterly
January 15, 2014 - January 14, 2024 (10 years)	PT Solusindo Kreasi Pratama	Quarterly
January 26, 2015 - January 25, 2020 (5 years)	PT Tower Bersama Infrastructure Tbk	Quarterly
May 13, 2015 - May 12, 2025 (10 years)	PT Gihon Telekomunikasi Indonesia	Quarterly
May 31, 2015 - May 30, 2020 (5 years)	PT Era Bangun Towerindo	Quarterly

(iv) Credit facilities

The Group have credit facilities for bank guarantees. The total available credit facilities of the Group as at December 31, 2015 amounted to Rp50,000 (December 31, 2014: nil).

(v) Others

i. On November 23, 2015, the Company and PT Erajaya Swasembada Tbk ("Erajaya") entered into a commercial agreement whereby both parties will collaborate to ensure that Erajaya or its retail affiliates or other third parties will open a total of 350 new licensed stores over the next 5 years to serve customers in Indonesia and to sell the Company's products as stated in the agreement.

ii. On April 24, 2014, the Company entered into a cooperation agreement with Mandiri, Telkom and XL Axiata to establish a joint operation on the development and implementation of mobile money platform. Based on the agreement, each party committed to bear 25% of the total cost incurred from such joint operation. As of December 31, 2015, the Company has made advance cost contribution amounting to Rp2,700.

iii. On April 9, 2014, the Company and Bodhi Indonesia Corporation, Cayman Islands (an entity controlled by SoftBank Corporation) entered into a limited partnership agreement. Based on the agreement, the parties agreed to establish an investment fund called SB ISAT Fund, L.P., to manage the investment, with initial commitment period of 4 years. Subsequently, on May 22, 2014, the Company entered into a subscription agreement with Bodhi Indonesia Corporation, Cayman Islands. Based on the subscription agreement, the Company committed to make capital contribution totaling US$14,500 to SB ISAT Fund, L.P. As of December 31, 2015, the Company has made capital contribution to the fund amounting to US$5,785 (equivalent to Rp75,922).

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (continued)

a. Commitments (continued)

(v) Others (continued)

iv. The Company and IMM have committed to pay annual radio frequency fee over the 3G and BWA licenses period, provided the Company and IMM hold the 3G and BWA licenses. The amount of annual payment is based on the payment scheme set out in Regulations No. 7/PER/M.KOMINFO/2/2006, No. 268/KEP/M.KOMINFO/9/2009 and No. 237/KEP/M.KOMINFO/7/2009 dated February 8, 2006, September 1, 2009 and July 27, 2009, respectively, of the MOCIT. The Company and IMM paid the frequency fee for the 3G and BWA licenses totaling Rp730,392 and Rp680,793, respectively, for the years ended December 31, 2015 and 2014.

v. In 1994, the Company was appointed as a Financial Administrator (“FA”) by a consortium which was established to build and sell/lease Asia Pacific Cable Network (“APCN”) submarine cable in countries in the Asia-Pacific Region. As an FA, the Company collects and distributes funds from the sale of APCN’s IRU, Defined Underwritten Capacity (“DUC”) and Occasional Commercial Use (“OCU”). The funds received from the sale of IRU, DUC and OCU and for upgrading the APCN cable do not belong to the Company and, therefore, are not recorded in the Company’s books. The Company manages these funds in separate accounts. As of December 31, 2015, the balance of the funds (including interest earned) which are under the Company’s custody amounted to US$4,127. Besides receiving their share of the funds from the sale of IRU, DUC and OCU, the members of the consortium also received their share of the interest earned by the above funds. This agreement will be expired in 30 years since the contract signing date.

b. Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

c. Agreements

Information relating to significant commitments on capital expenditures:

Contract Date	Description	Parties	Amount of Contract/ Purchase Orders (“POs”) Already Issued	Amount of Contract/ POs Not Yet Served
October 1, 2010 and December 10, 2012. Subsequently updated on January 1, 2015.	Procurement of Telecommunications Equipment and Related Services	PT Ericsson Indonesia and Ericsson AB	US$388,206 and Rp2,069,001	US$6,053 and Rp205,479
June 16, 2010 and December 10, 2012. Subsequently updated on January 1, 2015.	Procurement of Telecommunications Infrastructure	PT Nokia Siemens Networks and Nokia Siemens Networks Oy	US$315,722 and Rp1,617,263	US$26,867 and Rp107,090
August 2, 2010 and December 21, 2012. Subsequently updated on January 1, 2015.	Procurement of Telecommunications Infrastructure	PT Huawei Tech Investment	US$247,858 and Rp2,115,220	US$6,673 and Rp210,874

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (continued)

c. Agreements (continued)

The Company also entered into various significant agreements, such as:

Counterparties	Significant information
XL Axiata	• A cooperation agreement for five years period since May 1, 2013 to (i) perform construction of certain main cables, access cables and equipment (the “Network”) in certain areas; (ii) accept that the ownership of the Network will be with the party who performs the construction; (iii) share the utilization; and (iv) operate and maintain the Network.
Ooredoo IP LLC , Qatar	• Brand license agreement, valid from November 16, 2015 for 10 years. Based on this agreement: 1. the Company can use the Ooredoo brand for the provision of the core services and additional services, and also for the sale and distribution of ancillary goods and promotional merchandises upon the terms and conditions set out in this agreement. 2. the Company has to pay license charges for using such brand, which is computed at certain percentage of operating revenue as stated in the agreement. However, the license charges will only be charged if the Company is in net profit for the relevant year after accounting for such charges. 3. the license agreement shall remain in force for a period of 10 years and shall automatically be renewed for successive periods of 10 years each.
PT Pasifik Satelit Nusantara (“PSN”)	• On September 24, 2014, the Company and PSN entered into an agreement on the relocation and lease of Palapa C satellite transponder. Under the agreement, the Company agreed to lease out certain transponder capacity to PSN totaling US$2,500 until August 31, 2016. During the year ended December 31, 2015, the Company earned lease revenue from PSN amounting to US$1,285.

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (continued)

c. Agreements (continued)

Counterparties	Significant information
Telkom	• Under a cooperation agreement, the compensation to Telkom relating to leased circuit/channel services, such as world link and bit link, is calculated at 15% of the Company's collected revenues from such services. The Company also leases in circuits from Telkom to link Jakarta, Medan and Surabaya. • Under a land transfer agreement, the Company is effectively leasing in a 134,925 square meter piece of land from Telkom for 30 years starting from 1994. The land property is located at Daan Mogot, West Jakarta, where the Company's earth control station is currently situated. A sum of US$40,000 less Rp43,220 was paid for the lease. As of December 31, 2015, the outstanding prepaid expense for the lease was Rp12,428.

Lintasarta

Associated with the concessions to provide telecommunications access and services in rural areas (USO programs), Lintasarta, a subsidiary, was appointed by MOCIT (through Balai Telekomunikasi dan Informatika Pedesaan ("BTIP")) as the winning bidder in 2009. BTIP later changed its name to become Balai Penyedia dan Pengelola Pembiayaan Telekomunikasi dan Informatika ("BPPPTI"). Details of the related agreements are as follows:

Agreements	Contract Period	Contract amount	Coverage area
Pusat Layanan Jasa Akses Internet ("PLIK") / Internet access service centers	April 15, 2010 - 2014	Rp387,513	Provinces of Bali, West Nusa Tenggara, East Nusa Tenggara, West Kalimantan, South Kalimantan, Central Kalimantan, East Kalimantan, Maluku, West Irian Jaya and Papua.
Pusat Layanan Jasa Akses Internet Kecamatan Bergerak ("PLIKB") / Mobile center for internet access and services	December 22, 2010 - 2014	Rp457,977	Provinces of North Sumatera, West Sumatera, East Nusa Tenggara, West Kalimantan, South Kalimantan and East Kalimantan.

Fixed payment for above USO programs is received on a quarterly basis based on performance evaluation. At the end of the concession period, Lintasarta must transfer all assets subject to the concession agreement to the regional government.

Lintasarta received a letter from MOCIT-BPPPTI dated March 3, 2015 informing all providers of USO programs (including Lintasarta) to cease the operation of USO programs. Lintasarta submitted several arbitration requests to the Indonesian National Board of Arbitration ("Badan Arbitrase Nasional Indonesia" or BANI) in connection with the disputes over certain 2013 and 2014 receivables related to the USO programs. Lintasarta has received BANI's decision on the claims for 2013 receivables. However, until the date of the consolidated financial statements, the arbitration process of the claims for the 2014 receivables is still in process.

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32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (continued)

c. Agreements (continued)

In addition to the above USO programs, Lintasarta also appointed for the following program, which was also terminated in March 2015 as discussed above:

Agreement	Contract Period	Contract amount	Coverage area
Penyediaan Jasa Akses Publik Layanan Internet WiFi Kabupaten Kewajiban Pelayanan Umum (KPU) / Public Access Services for Wireless Fidelity (WiFi) Internet in Universal Service Obligation (USO) Regencies	December 30, 2011 – 2015 and January 10, 2012 - 2016	Rp207,905	Provinces of West Kalimantan, South Kalimantan, Central Kalimantan, East Kalimantan, Bali, West Nusa Tenggara, East Nusa Tenggara, Provinces of Gorontalo, West Sulawesi, South East Sulawesi, South Sulawesi, Central Sulawesi and North Sulawesi.

In September 2015, a partner of Lintasarta for the PLIK and PLIKB programs filed arbitration letters to BANI demanding payments of Rp118,507 from Lintasarta for certain charges. The management of Lintasarta believes that the claims are without merit and will take all necessary legal actions to overturn the case. Accordingly, no provision has been recorded. Up to the date of these consolidated financial statements, the cases are still under arbitration process.

In February 2016, Lintasarta also submitted an arbitration request to BANI in connection with the dispute over the loss incurred from the cessation of this WiFi program. However, until the date of the consolidated financial statements, the arbitration process is still in progress.

As of December 31, 2015, the outstanding amounts related to USO programs are classified as part of “Accounts receivable”, amounting to Rp109,274.

33. TARIFF SYSTEM

a. International telecommunications services

The service rates (“tariffs”) for overseas exchange carriers are set based on the international telecommunications regulations established by the International Telecommunications Union (“ITU”).

These regulations require the international telecommunications administrations to establish and revise, under mutual agreement, accounting rates to be applied among them, taking into account the cost of providing specific telecommunications services and relevant recommendations from the Consultative Committee on International Telegraph and Telephone (“CCITT”). The rates are divided into terminal shares payable to the administrations of terminal countries and, where appropriate, into transit shares payable to the administrations of transit countries.

The ITU also regulates that the monetary unit to be used, in the absence of special arrangements, shall be the Special Drawing Right (“SDR”) or the Gold Franc, which is equivalent to 1/3.061 SDR. Each administration shall, subject to applicable national law, establish the charges to be collected from its customers.

33. TARIFF SYSTEM (continued)

a. International telecommunications services (continued)

The tariffs billed to domestic subscribers for international calls originating in Indonesia, also known as collection rates, are described in the ‘cellular services’ and ‘fixed telecommunications services’ sections below.

b. Cellular services

Currently, the tariff for cellular services in Indonesia are regulated under Decree No. 09/PER/M.KOMINFO/04/2008 “Mechanism to Determine Tariff of Telecommunication Services Which Connected through Mobile Cellular Network” issued by MOCIT.

Under the decree, the cellular tariffs consist of the following:
- Tariff for basic telephony services
- Tariff for roaming
- Tariff for multimedia services, with the following structure:
  - Activation fee
  - Monthly charges
  - Usage charges
  - Additional facilities fee

The retail tariffs should be calculated based on Network Element Cost, Activation Cost of Retail Services and Profit Margin.

c. Fixed telecommunications services

In April 2008, the MOCIT issued Decree No. 15/PER/M.KOMINFO/04/2008 about the guidelines on calculating basic telephony service tariffs through fixed network. This Decree also applies to FWA network.

Under this decree, the tariffs for basic telephony services and SMS (Short Message Service) which is connected through fixed line network consist of the following:
- Activation fee
- Monthly charges
- Usage charges
- Additional facilities fee

34. INTERCONNECTION TARIFFS, USO, TELECOMMUNICATIONS SERVICE CONCESSION FEES, SPECTRUM FREQUENCY LICENSE FEES AND REVENUE SHARING

1. <u>Structure of Interconnection Tariffs</u>

As of January 30, 2014, the MOCIT issued letter No. 118/KOMINFO/DJPPI/PI.02.04/01/2014 related to 2014 interconnection fee implementation. This new interconnection tariff should be implemented by telecommunications network providers in 2014 and has become valid starting one month after the date the letter was signed until December 2016 and will be evaluated yearly by BRTI. The main structure of interconnection tariffs is origination, termination and transit.

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34. INTERCONNECTION TARIFFS, USO, TELECOMMUNICATIONS SERVICE CONCESSION FEES, SPECTRUM FREQUENCY LICENSE FEES AND REVENUE SHARING (continued)

2. USO, Telecommunications Service Concession Fees, Spectrum Frequency License Fees

On January 16, 2009, the Government issued Regulation No. 7 Year 2009 increasing the USO development contribution from 0.75% to 1.25% and decreasing the service concession fee from 1% to 0.50% of annual gross revenue (after deducting bad debts and interconnection charges) effective January 1, 2009.

On December 13, 2010, the President of the Republic of Indonesia issued PP No. 76/2010 regarding the amendment of PP No. 7/2009 on types and tariffs on non-tax state income imposed by the MOCIT. This regulation affects the computation method and payment of the spectrum fee allocated to the Company (800 MHz, 900 MHz and 1,800 MHz frequency bands).

On July 26, 2013, the MOCIT issued Decree No. 21 Year 2013 on the Provision of Content Provider Services on Cellular Network and Fixed Local Wireless Network with Limited Mobility. Under this Decree, the content provider carriers are obliged to pay the USO and concession fee obligations through the telecommunications operators.

On February 18, 2014, the MOCIT issued letter No. 94/DJPPI.3/PI.02.02/2/2014 regarding the notification for the extension of the transition period of Decree No. 21 Year 2013 from February 6, 2014 to August 6, 2014. Subsequent to the transition period, this regulation has been fully implemented.

3. Revenue Sharing

Revenue from access and usage charges from international telecommunications traffic with telecommunications networks owned by more than one domestic telecommunications carrier, which is not regulated by letter No. 118/KOMINFO/DJPPI/PI.02.04/01/2014 related to 2014 interconnection fee implementation, is to be proportionally shared with each carrier, which proportion is to be bilaterally arranged between the carriers.

35. SEGMENT INFORMATION

The Group manages and evaluates its operations in three major reportable segments: cellular, fixed telecommunications and MIDI. The operating segments are managed separately because each offers different services/products and serves different markets. The Group mainly operates in one geographical area, so no geographical information on segments is presented.

The cellular segment currently provides the network coverage in all major cities and population centers across Indonesia by using vast range of technologies from 2G, 3G and the latest 4G services. Its primary service is the provision of voice and data transfer which is sold through post-paid and prepaid plans.

The fixed telecommunication segment provides international long-distance services, fixed wireless services, fixed domestic long distance [*Sambungan Langsung Jarak Jauh* (“SLJJ”)] services and local fixed telephony services.

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35. SEGMENT INFORMATION (continued)

The MIDI segment offers products and services which include internet, high-speed point-to-point international and domestic digital leased line broadband and narrowband services, a high-performance packet-switching service and satellite transponder leasing and broadcasting services.

Refer to Notes 2j and 24 for the description of the types of products and services under each reporting segment.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditures for segment assets represent the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The Group's financing (including financing cost and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

The detail segment information is presented below:

	Reportable Segments			
	Cellular	Fixed Telecommunications	MIDI	Total
Year ended December 31, 2015				
Revenue				
Revenue from external customers	21,895,722	1,119,318	3,753,485	26,768,525
Inter-segment revenue	29,541	-	-	29,541
Total revenue	21,925,263	1,119,318	3,753,485	26,798,066
Inter-segment revenue elimination				(29,541)
Revenue-net				26,768,525
Depreciation and amortization	(7,794,143)	(122,497)	(852,507)	(8,769,147)
Other expenses	(12,421,286)	(894,993)	(1,978,940)	(15,295,219)
Unallocated income (expenses):				
Income tax benefit-net				622,357
Interest income				218,555
Amortization of deferred gain on sale and leaseback of towers				141,050
Finance costs				(2,829,464)
Loss on foreign exchange-net				(1,599,164)
Loss on change in fair value of derivatives-net				(244,520)
Others-net				(176,451)
Loss for the year				(1,163,478)
Capital expenditures	8,358,297	163,215	1,536,585	10,058,097

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35. SEGMENT INFORMATION (continued)

	Reportable Segments			
	Cellular	Fixed Telecommunications	MIDI	Total
As of December 31, 2015				
Other Information				
Segment assets	43,813,289	1,274,594	9,027,993	54,115,876
Unallocated assets				1,272,641
Assets-net				55,388,517
Segment liabilities	34,662,242	902,494	5,143,621	40,708,357
Unallocated liabilities				1,416,319
Liabilities-net				42,124,676
Year ended December 31, 2014				
Revenue				
Revenue from external customers	19,480,465	1,096,073	3,508,563	24,085,101
Inter-segment revenue	30,757	-	-	30,757
Total revenue	19,511,222	1,096,073	3,508,563	24,115,858
Inter-segment revenue elimination				(30,757)
Revenue-net				24,085,101
Depreciation and amortization	(7,302,247)	(109,480)	(814,336)	(8,226,063)
Other expenses	(11,006,408)	(1,015,457)	(2,030,087)	(14,051,952)
Unallocated income (expenses):				
Gain on sale of investment				413,700
Interest income				142,803
Amortization of deferred gain on sale and leaseback of towers				141,050
Income tax benefit-net				83,803
Financing cost				(2,406,536)
Provision for legal case				(1,358,643)
Loss on foreign exchange-net				(395,420)
Loss on change in fair value of derivatives-net				(101,927)
Others-net				(204,145)
Loss for the year				(1,878,229)
Capital expenditure	5,896,012	85,008	857,058	6,838,078
As of December 31, 2014				
Other information				
Segment assets	43,478,067	1,009,418	7,147,982	51,635,467
Unallocated assets				1,634,230
Assets-net				53,269,697
Segment liabilities	32,187,754	520,557	4,253,175	36,961,486
Unallocated liabilities				2,009,656
Liabilities-net				38,971,142

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management

The main risks arising from the Group's financial instruments are market risk (which are comprise of interest rate risk and foreign exchange rate risk), equity price risk, credit risk and liquidity risk. The importance of managing these risks has significantly increased in light of the considerable change and volatility in both Indonesian and international financial markets. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below.

a. Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its loans and bonds payable with floating interest rates.

The Company's policies relating to interest rate risk are as follows:

(1) Manage interest cost through a mix of fixed and variable rate debts. The Company evaluates the fixed to floating rate ratio of its loans and bonds payable in line with movements of relevant interest rates in the financial markets. Based on management's assessment, new financing will be priced either on a fixed or floating rate basis.

(2) Manage interest rate exposure on its loans and bonds payable by entering into interest rate swap contracts. Several interest rate swap contracts are entered into to hedge floating rate U.S. Dollar debts.

As of December 31, 2015 and 2014, more than 64% and 81%, respectively, of the Group's debts are fixed-rated.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss for the years ended December 31, 2015 and 2014 (through the impact on floating rate borrowings which is based on LIBOR for U.S. Dollar borrowings and on JIBOR for Rupiah borrowings).

	2015	2014
Strengthen/weaken in basis points:		
U.S. Dollar	17	4
Rupiah	25	152
Increase/decrease on loss for the year:		
U.S. Dollar	US$227 (equivalent to Rp3,137)	US$25 (equivalent to Rp308)
Rupiah	6,032	44,383

These consolidated financial statements are originally issued in the Indonesian language.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Management (continued)

a. Market risk (continued)

(ii) Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to exchange rate fluctuations results primarily from its U.S. Dollar-denominated loans and bonds payable, accounts receivable, accrued expenses and procurement payable.

To manage foreign exchange rate risks, the Company entered into several currency forward contracts and other permitted instruments, if considered necessary.

The Group's procurement payable is primarily denominated in foreign currencies payable to suppliers and contractors for the purchase and construction or installation of property and equipment, while a significant part of the Group's accounts receivable represents Indonesian rupiah-denominated collectibles from domestic operators.

To the extent the Indonesian rupiah depreciated further from the exchange rates in effect at December 31, 2015 and 2014, the Group's obligations denominated in foreign currencies would strengthen in Indonesian rupiah terms. However, the strengthened in these obligations would be offset in part by increases in the values of foreign currency-denominated time deposits and accounts receivable. As of December 31, 2015 and 2014, 78.68% and 50.27%, respectively, of the Group's U.S. Dollar-denominated debts were covered by several currency forward contracts.

The following table shows the Group's consolidated U.S. Dollar-denominated assets and liabilities as of December 31, 2015 and 2014:

	2015		2014	
	US Dollar	Rupiah*	US Dollar	Rupiah*
Assets:				
Cash and cash equivalents	75,884	1,046,821	68,868	856,724
Accounts receivable - trade	119,830	1,653,057	99,621	1,239,283
Derivative assets	75	1,030	6,108	75,986
Others	1,798	24,811	1,830	22,758
Total assets	197,587	2,725,719	176,427	2,194,751
Liabilities:				
Accounts payable - trade	20,318	280,286	25,002	311,029
Procurement payable	144,755	1,996,888	74,208	923,144
Accrued expenses	12,454	171,803	39,544	491,927
Short-term employee benefit obligations	1,370	18,899	1,201	14,943
Derivative liabilities	21,076	290,747	2,551	31,740
Loans payable (including current maturities)	432,110	5,960,961	211,304	2,628,627
Bonds payable (including current maturities)	-	-	650,000	8,086,000
Obligations under finance lease (including current maturities)	175,304	2,418,316	175,304	2,180,779
Others	5,083	70,119	23,817	296,283
Total liabilities	812,470	11,208,019	1,202,931	14,964,472
Net liabilities position	614,883	8,482,300	1,026,504	12,769,721

* *The exchange rates used to translate the U.S. Dollar amounts into Rupiah were Rp13,795 and Rp12,440 to US$1 (in full amounts) as published by the Indonesian Central Bank as of December 31, 2015 and 2014, respectively.*

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Management (continued)

a. Market risk (continued)

(ii) Foreign exchange rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. Dollar exchange rate, with all other variables held constant, of the Group's loss for the year:

	2015	2014
Strengthen/weaken in U.S. Dollar exchange rate	2.81%	1.13%
Increase/decrease on loss for the year	178,931	144,758

b. Equity price risk

The Group's long-term investments consist primarily of minority investments in the equity of private Indonesian companies, public Indonesian companies and equity of foreign companies. With respect to the Indonesian companies in which the Group has investments, the financial performance of such companies may be adversely affected by the economic conditions in Indonesia.

c. Credit risk

Credit risk is the risk that the Group will incur a loss arising from its customers, clients or counterparties that fail to discharge their contractual obligations. There are no significant concentrations of credit risk. The Group manages and controls this credit risk by setting limits on the amount of risk it is willing to accept for individual customers and by monitoring exposures in relation to such limits.

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the exposure to bad debts. The Group places its funds in a number of different financial institutions, including state-owned and internationally recognized banks because they have the most extensive branch networks in Indonesia and are considered to be financially sound banks.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	Maximum exposure(1)	
	2015	2014
Loans and Receivables:		
Cash in banks and deposits	3,621,902	3,478,058
Restricted cash	127,001	120,254
Accounts receivable		
- Trade-net	2,730,175	2,092,112
- Others-net	11,232	9,015
Other current financial assets	13,591	10,631
Due from related parties-net	2,758	3,496
Other non-current financial assets	54,881	40,023
Held-for-trading:		
Currency forward	-	75,986
Available-for-sale investments:		
Long-term investments-net	37,821	2,730
	6,599,361	5,832,305

(1) *There are no collaterals held or other credit enhancements or offsetting arrangements that affect this maximum exposure.*

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Management (continued)

c. Credit risk (continued)

Credit quality of cash in banks are as follows:

	2015	2014
Counterparties with external credit rating		
Pefindo		
- $_{id}$AAA	1,164,850	1,594,108
- $_{id}$AA+; $_{id}$AA; $_{id}$AA-	1,286,003	421,728
- $_{id}$A+; $_{id}$A; $_{id}$A-	349,533	288,998
	2,800,386	2,304,834
Moody's		
- Aa1; Aa2; Aa3	2,317	15,217
- A1; A2; A3	495,622	620,884
	497,939	636,101
Fitch		
- AAA	43,629	30,930
- AA+	43,057	132,001
	86,686	162,931
Sub-total	3,385,011	3,103,866
Counterparties without external credit rating	236,891	374,192
Total cash in banks and deposits	3,621,902	3,478,058

d. Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's liquidity requirements have historically arisen from the need to finance investments and capital expenditures related to the expansion of its telecommunications business. The Group's telecommunications business requires substantial capital to construct and expand mobile and data network infrastructure and to fund operations, particularly during the network development stage.

Although the Group has substantial existing network infrastructure, the Group expects to incur additional capital expenditures primarily in order to focus cellular network development in areas it anticipates will be high-growth areas, as well as to enhance the quality and coverage of its existing network.

In the management of liquidity risk, the Group monitors and maintains a level of cash deemed adequate to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also regularly evaluates the projected and actual cash flows, including its loan maturity profiles, and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These activities may include bank loans and the issuance of debt or equity instruments on the capital market.

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Management (continued)

d. Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Expected maturity as of December 31,							
	2016	2017	2018	2019	2020 and thereafter	Total contractual cash flows	Interest value and unamortized issuance cost	Carrying Amount
December 31, 2015								
Short-term loans	1,538,816	-	-	-	-	1,538,816	(89,794)	1,449,022
Accounts payable-trade	764,142	-	-	-	-	764,142	-	764,142
Procurement payable	6,263,117	-	-	-	-	6,263,117	-	6,263,117
Accrued expenses	1,730,483	-	-	-	-	1,730,483	-	1,730,483
Short-term employee benefit obligations	335,620	-	-	-	-	335,620	-	335,620
Deposits from customers	54,471	-	-	-	-	54,471	-	54,471
Derivative liabilities	290,747	-	-	-	-	290,747	-	290,747
Other current financial liabilities	1,014	-	-	-	-	1,014	-	1,014
Due to related parties	-	25,196	-	-	-	25,196	-	25,196
Obligations under finance lease	928,175	910,937	855,837	803,400	1,970,600	5,468,949	(1,501,864)	3,967,085
Other non-current financial liabilities	-	114	-	-	-	114	-	114
Loans payable	4,787,496	4,726,306	1,819,197	288,217	-	11,621,216	(1,010,585)	10,610,631
Bonds payable	2,160,296	3,159,160	1,618,040	2,477,022	5,169,769	14,584,287	(4,149,335)	10,434,952
Sharia bonds	342,854	157,293	159,378	382,925	675,241	1,717,691	(536,295)	1,181,396
	19,197,231	8,979,006	4,452,452	3,951,564	7,815,610	44,395,863	(7,287,873)	37,107,990

	Expected maturity as of December 31,							
	2015	2016	2017	2018	2019 and thereafter	Total contractual cash flows	Interest value and unamortized issuance cost	Carrying Amount
December 31, 2014								
Short-term loans	850,000	-	-	-	-	850,000	(552)	849,448
Accounts payable-trade	690,559	-	-	-	-	690,559	-	690,559
Procurement payable	3,095,518	-	-	-	-	3,095,518	-	3,095,518
Accrued expenses	1,818,791	-	-	-	-	1,818,791	-	1,818,791
Short-term employee benefit obligations	332,123	-	-	-	-	332,123	-	332,123
Deposits from customers	38,791	-	-	-	-	38,791	-	38,791
Derivative liabilities	31,740	-	-	-	-	31,740	-	31,740
Other current financial liabilities	2,355	-	-	-	-	2,355	-	2,355
Due to related parties	-	30,159	-	-	-	30,159	-	30,159
Obligations under finance lease	854,327	853,220	845,481	790,824	2,525,016	5,868,868	(1,816,603)	4,052,265
Other non-current financial liabilities	17,049	-	-	-	-	17,049	-	17,049
Loans payable	2,983,970	1,928,170	1,242,836	824,213	260,242	7,239,431	(898,813)	6,340,618
Bonds payable	9,709,673	1,290,050	2,866,598	378,645	4,964,808	19,209,774	(3,914,083)	15,295,691
Sharia bonds	65,683	237,683	109,473	39,073	475,235	927,147	(266,742)	660,405
	20,490,579	4,339,282	5,064,388	2,032,755	8,225,301	40,152,305	(6,896,793)	33,255,512

Capital management

The Group aims to achieve an optimal capital structure in pursuit of its business objectives, which include maintaining healthy capital ratios and strong credit ratings, and maximizing stockholder value.

Some of the Group's debt instruments contain covenants that impose compliance with certain leverage ratios. In addition, the Group's credit ratings from the international credit ratings agencies are based on its ability to remain within certain leverage ratios. The Group has complied with all externally imposed capital requirements.

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

Management monitors its capital using debt-to-equity ratio. The Group's objective is to maintain its debt-to-equity ratio at a maximum of 2.50 as of December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the Group's debt-to-equity ratios were as follows:

	2015	2014	
	Loan and bonds payable	Loan and bonds payable	Guaranteed notes due 2020
Short-term loans	1,450,000	850,000	850,000
Loans, bonds payable, and sharia bonds	22,304,011	22,443,427	22,443,427
Obligation under finance lease	-	-	4,052,265
Total debts	23,754,011	23,293,427	27,345,692
Total equity	13,263,841	14,298,555	14,298,555
Debt-to-equity-ratio	1.79	1.63	1.91

Offsetting Financial Assets and Financial Liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements or similar agreement.

	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ liabilities set off in the financial position	Net amounts of financial assets/ (liabilities) presented in the financial position	Netting off arrangement	Net amount
Financial Assets					
Accounts receivable-trade					
As at December 31, 2015	3,761,037	(1,030,862)	2,730,175	-	2,730,175
As at December 31, 2014	3,137,513	(1,045,401)	2,092,112	-	2,092,112
Derivatives assets					
As at December 31, 2015	1,030	-	1,030	(1,030)	-
As at December 31, 2014	75,986	-	75,986	(3,440)	72,546
Financial Liabilities					
Accounts payable-trade					
As at December 31, 2015	(1,795,004)	1,030,862	(764,142)	-	(764,142)
As at December 31, 2014	(1,735,960)	1,045,401	(690,559)	-	(690,559)
Derivatives liabilities					
As at December 31, 2015	(290,747)	-	(290,747)	1,030	(289,717)
As at December 31, 2014	(31,740)	-	(31,740)	3,440	(28,300)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both parties elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

(Expressed in millions of Indonesian Rupiah, and where applicable, in thousands of United States Dollar, unless otherwise stated)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Collateral

The Company did not hold any collateral as of December 31, 2015 and 2014.

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. On January 15, 2016, the Company received the tax overpayment refunds amounting to Rp5,058 and Rp65,570 for the Company's VAT for the period January 2014 and corporate income tax for 2009 fiscal year, respectively (Note 7).

b. On January, February and March 2016, the Company entered into several currency forward contracts with total notional amount of US$380,000. Those contracts will be for the periods ranging up to July 21, 2016.

c. On February 3, 2016, the Company received the tax overpayment refunds amounting to Rp12,747, Rp24,371 and Rp12,443 for the Company's VAT for 2013 fiscal year period February, April and May, respectively (Note 7).

d. On February 22, 2016, the Company received the tax overpayment refunds amounting to Rp82,915, for the Company's VAT for period December 2013 (Note 7).

e. On March 15, 2016, Extraordinary General Meeting of Shareholders resolved to approve the changes in the composition of the Board of Commissioners as follows:

President Commissioner	Waleed Mohamed Ebrahim Alsayed
Commissioner	Ajay Bahri
Commissioner	Hans Anthony Kuropatwa
Commissioner	Richard Farnsworth Seney[i]
Commissioner	Astera Primanto Bhakti
Commissioner	Elisa Lumbantoruan[i]
Commissioner	Chris Kanter
Commissioner	Ian Charles Dench
Commissioner	Wijayanto Samirin[i]
Commissioner	Beny Roelyawan

[i] Independent Commissioner

f. On March 15, 2016, the Company received the tax overpayment refunds amounting to Rp26,278, for the Company's VAT for period March 2013 (Note 7).

g. As of March 21, 2016, the prevailing exchange rate of the rupiah to the United States dollar was Rp13,160 to US$1 (in full amounts), while as of December 31, 2015, the prevailing exchange rate was Rp13,795 to US$1 (in full amount). If assets and liabilities in foreign currencies at December 31, 2015 had been translated using the closing rate as at March 21, 2016, the total foreign exchange loss of the Group would have decreased by approximately Rp390,450.

   The translation of the foreign currency liabilities, net of foreign currency assets, should not be construed as a representation that these foreign currency liabilities and assets have been, could have been, or could in the future be, converted into rupiah at the prevailing exchange rate of the rupiah to United States dollar as of December 31, 2015 or at any other rate of exchange.

   The commitments for the capital expenditures denominated in foreign currencies as of December 31, 2015 as disclosed in Note 32 were approximately Rp801,202 if translated at the prevailing exchange rate as of March 21, 2016.

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38. SUPPLEMENTARY INFORMATION FOR CASH FLOWS

	2015	2014
Significant non-cash investing activities:		
Acquisition of fixed assets under finance lease	118,961	426,664
Acquisition of fixed assets through incurrence of payables	4,862,881	2,015,609
Advance for acquisition of property and equipment	79,107	92,162

39. RESTATEMENT

The consolidated statement of comprehensive income for the year ended December 31, 2014 has been restated:

(1) to retrospectively adopt PSAK 24 (Revised 2013), “Employee Benefits” (refer to Note 2c), and
(2) to correct the effect of not including the reclassification adjustment relating to the gain on sale of an equity investment amounting to Rp413,700.

The following table describes the impact of the restatement to the previously reported consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014:

	As previously reported	Adjustment (1)	Adjustment (2)	As restated
Loss for the year	(1,858,022)	(20,207)	-	(1,878,229)
Other comprehensive loss	(3,871)	(130,749)	(413,700)	(548,320)
Total comprehensive loss	(1,861,893)	(150,956)	(413,700)	(2,426,549)
Loss per share (full amount)	(365.70)			(369.60)

Refer to Note 2c for more details on the impact of the restatement to retrospectively adopt PSAK 24 (Revised 2013), “Employee Benefits”.

In relation to the restatement to correct the presentation of reclassification adjustment, there were no impacts to components of consolidated financial statements as of and for the year ended December 31, 2014, including the loss per share, other than the items disclosed above.

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Corporate Data

Chapter

7

Shareholders Information

Shareholders and Public inquiries should be addressed to:

Group Investor Relations & Corporate Secretary

Indosat Ooredoo Building, 3th floor, Podium Depan
Jl. Medan Merdeka Barat No. 21, Jakarta 10110, Indonesia
Tel. : +62 21 3000 3001 ext. 2615
Fax. : +62 21 3000 3002
Email : investor@indosatooredoo.com; publicrelations@indosatooredoo.com
Website : www.indosatooredoo.com

Capital Stock (as of December 31, 2015)

Authorized Capital of Rp2,000,000,000,000 divided into 20,000,000,000 shares consisting of 1 Series A share and 19,999,999,999 Series B shares with nominal value of Rp100 per share.

Share issued and fully paid (as of December 31, 2015)

5,433,933,500 comprised of 1 Series A Share and 5,433,933,499 Series B Shares with a nominal value of Rp543,393,350,000 owned by:

1. The Government of Indonesia (1 Series A Share and 776,624,999 Series B Share)
2. Ooredoo Asia Pte. Ltd. (3,532,056,600 Series B Shares)
3. Public (1,125,251,900 Series B Shares)

Share Ownership Above 5% (as of December 31, 2015)

1. Ooredoo Asia Pte. Ltd (65.00%)
2. The Government of Indonesia (14.29%)
3. Public (20.71%)

Stock Exchanges where Indosat Ooredoo shares are listed

Indonesia Stock Exchange (IDX)

Stock Administration Bureau

PT EDI Indonesia
Wisma SMR, 10th Floor
Jl. Yos Sudarso Kav. 89, Jakarta 14350, Indonesia
Tel. : +62 21 651 5130
Fax. : +62 21 651 5131

Independent Auditor

KAP Tanudiredja, Wibisana, Rintis & Rekan (PwC)
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6
Jakarta 12940 - Indonesia
Tel. : +62 21 5212901
Fax. : +62 21 52905555/52905050

Trustees

PT Bank Rakyat Indonesia (Persero) Tbk Divisi Treasury

Gedung BRI II 3rd Floor
Jl. Jenderal Sudirman kav 44-46, Jakarta 10210, Indonesia
Tel. : + 62 21 570 9060 ext 2371-2335-2307
Fax. : + 62 21 251 1647

The Bank of New York Mellon

101 Barclay Street
Depositary Receipts Division – 15th Floor,
New York, NY 10286

Name and Address of Rating Agencies

PT Pemeringkat Efek Indonesia

Panin Tower Senayan City 17th floor
Jl. Asia Afrika lot 19, Jakarta 10270, Indonesia
Tel. : +62 21 7278 2380
Fax. : +62 21 7278 2370

Standard & Poor's Singapore Pte. Ltd.

12 Marina Boulevard
#23-01, Marina Bay Financial Centre Tower 3
Singapore 018982

Moody's Investors Service Singapore Pte. Ltd.

50 Raffles Place #23-06
Singapore Land Tower, Singapore, 048623
www.moodys.com

PT Fitch Ratings Indonesia

DBS Bank Tower
24th floor, suite 2403
Jl. Prof. Dr. Satrio kav 3-5
Jakarta 12940
Tel : +62 21 2988 6800
Fax : +62 21 2988 6822
www.fitchratings.com

Fitch Ratings Singapore Pte. Ltd.

6 Temasek Boulevard #35-05 Suntec Tower Four
Singapore 038986
Tel : +65 6796 7200
www.fitchratings.com

Annual General Meeting of Shareholders

The Indosat Ooredoo 2016 Annual General Meeting of Shareholders will be held on June 2, 2016.

Subsidiary Companies

PT Aplikanusa Lintasarta ("Lintasarta")

Indosat holds 72.36% of the shares in Lintasarta, which provides high-speed communication and corporate network services. Specifically, Lintasarta, which was established in 1988, engages in the business of providing telecommunication data systems services and information technology as well as network applications, including the provision of physical infrastructure and software application, data communication consultation services, and information systems for banking, finance and other industries.

Address	: Gedung Menara Thamrin Fl.12, Jl. M.H.Thamrin Kav.3, Jakarta 10250
Phone	: +62 21 230 2345
Fax.	: +62 21 230 3883
Website	: www.lintasarta.net
Contact person	: Lista Dewi Soegiharto, General Manager Corporate Secretary
Email	: lista.dewi@lintasarta.co.id

PT Indosat Mega Media ("IM2")

Indosat Ooredoo holds 99.85% of the shares in IM2, which was established in 1996 to provide internet and multimedia services consisting of IP-based multimedia, Internet, IP-based LAN & WAN network communications services, web hosting, colocation and id domain registrar services.

Address	: Jl. Kebagusan Raya No. 36 Pasar Minggu, Jakarta 12550
Contact person	: Andri Aslan, Head of Corporate Secretary
Phone	: +62 21 855 1082101, +62 21 78546969, ext. 103.
Email	: andri.aslan@indosatm2.com

Indosat Singapore Pte. Ltd ("ISPL")

ISPL was established in Singapore on December 21, 2005. ISPL is wholly owned by Indosat Ooredoo. This Company provides telecommunications services for the international market. Indosat Ooredoo holds 100% of the shares in this Company.

Address	: 8 Temasek Boulevard, Suntec City Tower 3, #15-05, Singapore 0389883 Anson Road Springleaf Tower #14-04, Singapore, 079909
Phone	: +65 6235 5155
Fax.	: +65 6337 4838
Contact person	: Bambang Varia Wibowo
Email	: info@indosatooredoo.com.sg

PT Star One Mitra Telekomunikasi ("SMT")

SMT was established on June 15, 2006 to support the construction and operation of fixed wireless access network using Code Division Multiple Access (CDMA) 2000-1x technology in Central Java and its surrounding area. As part of the MOCIT rearrangement of the 800Mhz spectrum in 2014 and in line with the Indosat Ooredoo spectrum strategy, Indosat Ooredoo has terminated CDMA services in June 2015. Currently SMT shares are owned 99.94% by Indosat Ooredoo and 0.06% by Kopindosat. Its commercial activities include:

- Developer of Telecommunication network facilities including multimedia related services
- Provider of General Telecommunication services including multimedia and information technology consultant.

Address	: Gedung Indosat Ooredoo 2nd floor, Jl. Pandanaran 131, Semarang 50134
Phone	: +62 24 33040000
Fax.	: +62 24 33002345
Contact person	: Suharso W Sulistyo
Email	: suharso.sulistyo@ptsmt.com

Indosat Palapa Company B.V. ("IPBV")

IPBV was established in Amsterdam, the Netherlands, in April 28, 2010 and operates as a financing Company. Indosat Ooredoo holds 100% of the shares in this Company. In 2010, IPBV issued Guaranteed Notes due in 2020. However in 2015, such GN 2020 was early redeemed.

Address	: Rapenburgerstraat 177/F 1011 VM Amsterdam, The Netherlands
Phone	: +31 20 890 6933
Fax.	: +31 20 4509865
Contact person	: John Peter van Leeuwen
Email	: john@indosatpalapaco.com; info@indosatpalapaco.com

Indosat Mentari Company B.V. ("IMBV")

IMBV was established in Amsterdam, the Nederlands, in April 28, 2010 and amended on July 30, 2010. It operates as a financing company. Indosat Ooredoo indirectly holds 100% of its shares via IPBV.

Address	: Rapenburgerstraat 177/F 1011 VM Amsterdam, The Netherlands
Phone	: +31 20 890 6933
Fax.	: +31 20 4509865
Contact person	: John Peter van Leeuwen
Email	: john@indosatpalapaco.com; info@indosatpalapaco.com

PT Lintas Media Danawa ("LMD")

LMD was established in Jakarta, in July 8, 2008 to provide information and communication services, such as data center services, e-learning and distance learning for public education services. Indosat Ooredoo indirectly holds 50.65% of its shares via Lintasarta.

Address	: Jl. Adiaksa II No. 58 B Lebak Bulus, Cilandak, Jakarta Selatan 12440
Phone	: +62 21 75901212
Fax.	: +62 21 75901216
Website	: www.lintasmediadanawa.com
Contact person	: Sahroji/Admin Dept Head
Email	: sahroji@lintasmediadanawa.com

PT Artajasa Pembayaran Elektronis ("APE")

APE was established in Jakarta, in February 10, 2000 and provides general trade and application services for the industry, particularly the banking industry, information technology consultation services and telecommunication services. Indosat Ooredoo indirectly holds 39.80% of its shares via Lintasarta.

Address	: Jl. Letnan Sutopo, No. B1/3 Sektor Komersial 3B, BSD City, Tangerang Selatan
Phone	: +62 21 29706789
Fax.	: +62 21 29177001
Contact person	: Zul Irfan, VP Corporate Secretary
Email	: zul.irfan@artajasa.co.id

PT Interactive Vision Media ("IVM")

IVM was established in Jakarta, in April 21, 2009 to provide pay TV services. Indosat Ooredoo indirectly holds 99.83% of its shares via IM2.

Address	: Jl. Kebagusan Raya No. 36 Pasar Minggu, Jakarta 12550
Phone	: +62 21 855 1082101, +62 21 7854 6969, ext. 103.
Contact person	: Sukria
Email	: sukria@indosatm2.com

PT Portal Bursa Digital ("PBD")

PBD was established in Jakarta on 25 February 2015 engaging in business of developing platform for digital advertising. Indosat Ooredoo holds 62% of shares in this company.

Address	: Gedung Sona Topas Tower, 12A Floor Jl. Jend Sudirman Kav. 26, Jakarta Selatan 12920
Contact Person	: Sisfani
Email	: sisfani.medika@imx.co.id

Profile of The Board of Commissioners

Waleed Mohamed Ebrahim Al-Sayed

President Commissioner

Waleed Mohamed Ebrahim Al-Sayed, 52, was appointed as a President Commissioner of Indosat Ooredoo in March 2016. He is concurrently serving as Deputy CEO - Ooredoo Group and CEO - Ooredoo Qatar since November 2015. Through his managerial and board duties at Ooredoo Group companies, Mr. Al-Sayed has developed extensive experience in the information and technology sector, in Qatar, the wider region and internationally. He was previously Chief Operating Officer of Ooredoo Qatar and currently serves as Chairman of the Board of Indosat Ooredoo; Chairman of Ooredoo Myanmar Limited; and as Board Member of MEEZA (a technology joint venture between Ooredoo and Qatar Foundation). Mr. Al-Sayed was previously Chairman of the Board of Tunisia, Deputy Chairman of Ooredoo Algeria and Chairman of Starlink. He holds an Executive Masters in Business Administration from HEC Paris with full honors.

In 2011, Mr. Al-Sayed was appointed as Chief Operating Officer of Ooredoo Qatar. During a period of heightened competition, he led the business to continued growth, increased customer-centricity and a more dynamic business culture. In 2013, he played a leading role in the rebranding of what is now the Ooredoo Group, and supported Qatar as it became the first operation to adopt the brand. His success in this role led to his current appointment as Deputy CEO - Ooredoo Group and CEO - Ooredoo Qatar.

Mr. Al-Sayed's career spans senior managerial positions in Sales, Marketing & PR, Business Development, Strategy, Project Management, Group Communications and Customer Services. He has received many professional accolades, including a global award for his customer services team for the "Best Retail Shop Design" in 2009, and a record number of honours at the "Contact Centre World Awards" in 2010, where Mr. Al-Sayed's presentation won the Gold Award for Best Customer Service in the MENA (Middle East & North Africa) region.

Ajay Bahri
Commissioner

Ajay Bahri, 52, was appointed Commissioner of Indosat Ooredoo in March 2016. He is currently the Group Chief Financial Officer for Ooredoo. He has more than twenty years of experience in international organizations including Ernst & Young, Etisalat and Ooredoo.

As Group Chief Financial Officer of Ooredoo, since November 2007, Mr. Bahri has been actively involved in all Ooredoo international acquisitions, including setting up of the group financing strategy, risk management, investor relations and financial performance management functions.

Prior to taking the group role he was the Chief Financial Officer and Executive Director of General Services for Qatar operations where he was managing the finance function of Qatar operations as well as the shared services such as IT and supply chain. His previous experience as Head of Internal audit includes providing assurance to Audit Committee regarding the internal control, risk management, and governance processes.

Mr. Bahri has a Bachelor degree in Commerce obtained in India, a Master degree in Engineering from Massachusetts Institute of Technology, USA, and is certified as a Chartered Management Accountant, UK and Chartered Accountant, India. He is a member of the Board of Directors of various Ooredoo Group operating companies such as Ooredoo Myanmar Limited. Mr. Bahri has also supported these Boards as Chairman of the Audit Committees.

Hans Anthony Kuropatwa
Commissioner

Hans Anthony Kuropatwa, 57, was appointed Commissioner of Indosat Ooredoo in March 2016.

He has served as the Executive Director Business Development for Ooredoo Group since 2010, Non-Executive Director and Investor in Arkessa since 2009, and an investor and advisor at mobile learning company Skill Pill M Learning since 2007. He has also previously held board seats on a number telecommunications companies including: Vodacom (South Africa); EPlus (Germany); SFR (France); Omnitel (Italy) and Safaricom (Kenya).

Prior to joining Ooredoo he was a Partner at Ventura Team LLP in London and Interim Executive Director at eircom in Dublin developing eircom mobile. Mr. Kuropatwa held many senior positions during a nine year period with Vodafone including: Group Business Development Director; CEO Vodafone Sweden; Regional Managing Director and Group Marketing Director. He was also Managing Director Telco at Motorola from 1995 to 1998.

Mr. Kuropatwa earned a Bachelor's Degree in Mechanical Engineering from Imperial College London in 1980 and an MBA from Manchester Business School in 1983.

Chris Kanter

Commissioner

Chris Kanter, 65, was appointed as Commissioner of Indosat Ooredoo since January 2015, and previously served as an Independent Commissioner since January 2010. Mr. Kanter is an Indonesian businessman and business community leader, who is at the forefront of the national economic reform agenda in Indonesia. A trained engineer, he is Chairman and Founder of Sigma Sembada Group, a major player and turnkey contractor in transportation and logistics.

Mr. Kanter's commitment and devotion to national economic development and reform is shown through his role: as Senior Advisor to Minister of Trade of RI since 2014, as Vice Chairman of Indonesian Chamber of Commerce and Industry (KADIN Indonesia) (1994–2015). Currently, he is on the Board of Advisors of KADIN Indonesia and of the Employers Association of Indonesia (APINDO).

His contributions also extend more widely to include: Vice President Commissioner of PT Bank BNP Paribas Indonesia, Chairman of Board of Founders of the Swiss German University (SGU), Chairman of International Federation of Freight Forwarders Associations (FIATA) Region Asia Pacific, Chairman of Board of Founders of Global Entrepreneurship Program Indonesia (GEPI), Chairman of Board of Founders of Indonesian Services Dialogue (ISD), and Member of Board of Governors of East West Center, USA.

In previously trusted assignments, Mr. Kanter served as member of the People's Consultative Congress (MPR) of the Republic of Indonesia (1998 –2002), and was President of The German Indonesian Chamber of Industry & Commerce (EKONID) (2007-2009). He was appointed by the Indonesian government as Economic Advisor to the President in the National Economic Council (KEN) (2009-2014), and as a member of the Investment Coordination Board Committee (BKPM) since (2010-2014). Mr. Kanter was a member of the Monitoring Team for Inpres (Presidential Instruction) on The Policy Package for Improving Investment Climate in Indonesia and has been appointed by Government to chair a number of Indonesia's most prominent events such as Indonesia Infrastructure Conference & Exhibitions I & II, Presidential Lectures featuring Bill Gates, a Global Entrepreneurship Summit featuring Hillary Clinton and various other international leaders forums in Indonesia. He is often invited as a speaker in high level international meetings, conference, and seminars around the world.

Beny Roelyawan
Commissioner

Beny Roelyawan, 59, was appointed as a Commissioner since June 2012. Mr. Roelyawan served as Deputy III at the State Intelligence Agency, Republic of Indonesia (BIN) from January 2006 until July 2013, when he has served as Deputy VII of Analysis and Production, and since January 2014, he was appointed as the Expert Staff to the Chairman of BIN until now. He received Honorary Award of Satyalancana Karya Satya X in 2001 and Satyalancana Karya Satya XX in 2005.

Mr. Roelyawan holds a Bachelor degree in Economic Enterprise from the University of Diponegoro, Indonesia.

Ian Charles Dench
Commissioner

Ian Charles Dench, 50, was appointed as Board Member of Indosat Ooredoo in March 2016. He became Ooredoo Group Chief Commercial officer on 21 February 2016.

Mr. Dench joined Ooredoo Qatar operations in 2006 as Executive Director, Corporate & VIP Accounts. In 2008, he was named as Executive Director, Consumer Services. In 2012, he was appointed as the Chief Marketing Officer. He was a key member of the Ooredoo Qatar leadership team and had significantly contributed in building Ooredoo's market share in Qatar through developing and maintaining strong product and service portfolios. Mr. Dench is a Member of the Board of ICT Company NavLink and an advisory board member for the Asia Pacific Internet Group. His management experience spans Mobile, Fixed, Multimedia and Digital services in emerging and developed markets.

Mr. Dench has more than 25 years of experience with leading telecommunication companies across Europe, Asia and the Middle East. Prior to joining Ooredoo, he was the Head of Sales & Marketing operations for Batelco. He held Senior Management positions in British Telecom and OĐ, starting in the United Kingdom and later moving to Singapore to cover the Asia Pacific Region. He is a Fellow of the Chartered Institute of Marketing (FCIM) and Chartered Marketer with an MBA from CASS Business School in London.

Richard Farnsworth Seney

Independent Commissioner

Richard Farnsworth Seney, 61, was appointed as Commissioner of Indosat Ooredoo in June 2009, Independent Commissioner in September 2012, Chairman of the Audit Committee in June 2013 and Chairman of the Nomination and Remuneration Committee in January 2015. Mr. Seney served as Chief Operating Officer of Qtel International (QI) from 2007 to 2011, President and Chief Executive Officer of MCT Corp. (including predecessors) from 1992 to 2007, Executive Vice President and General Manager of MCT Investors, L.P. from 1987 to 2002, and Executive Vice President and Chief Financial Officer of Charisma Communications Corporation from 1985 to 1987.

Mr. Seney received a Bachelor degree in Commerce from the University of Virginia McIntire School of Commerce, USA.

Elisa Lumbantoruan

Independent Commissioner

Elisa Lumbantoruan, 55, was appointed as an Independent Commissioner in June 2015, and member of the Audit Committee since July 2015. Currently, he is President Director & CEO at PT ISS Indonesia. He was previously EVP/Director of Human Capital, IT and Strategy at PT Samora Usaha Makmur since 2014.

Mr. Lumbantoruan began his career in information technology in 1980, rising to senior positions at PT Hewlett-Packard Indonesia including President Director and Country TSG General Manager from 2002 to 2007. Subsequently he joined PT Garuda Indonesia (Persero) Tbk. where he held various strategic positions including Director & EVP Marketing and Sales, EVP Finance/Group CFO, EVP Corporate Strategy and IT from 2007 to 2013. He concurrently served as Independent Commissioner at PT XL Axiata Tbk from 2008 to 2012, President Commissioner at PT Citilink Indonesia from 2008 to 2013, and President Commissioner of PT Gapura Angkasa from 2009 to 2013.

Mr. Lumbantoruan earned a Bachelor degree in Mathematics from Institut Teknologi Bandung, Indonesia.

Astera Primanto Bhakti

Commissioner

Astera Primanto Bhakti, 48, was appointed as a Commissioner of Indosat Ooredoo in January 2015. His current position is Assistant to Minister of Finance for State Revenue. He was the Chief of Tax Treaty Negotiator and Secretary of Tariff Team at the Ministry of Finance from 2012 to 2015 and Director of the Centre for State Revenue Policy at the Fiscal Policy Office (Ministry of Finance) in 2012. Mr. Bhakti previously joined the Directorate General of Taxes in 1992 where he held several positions, with his last position as Deputy Director of Tax Treaty and International Cooperation in 2009.

Mr. Bhakti holds a Bachelor degree in Management from the University of Jenderal Soedirman, Purwokerto, Indonesia. He then studied at the Economic Institute of the University of Boulder, Colorado, USA and earned a Master of Taxation from the University of Denver, Colorado, USA. He has also attended various training sessions on Taxation and Team Performance in leading universities worldwide.

Wijayanto Samirin

Independent Commissioner

Wijayanto Samirin, 44, was appointed as an Independent Commissioner of Indosat Ooredoo since January 2015. Currently he is Special Staff of Vice President of Indonesia for Economics and Finance. Mr. Samirin is the co-founder and Director of Paramadina Public Policy Institute (PPPI), and was Vice Rector and Lecturer at Paramadina University, Jakarta, from 2007 to 2015. Before joining Paramadina, he spent 9 years of his career in the investment banking and hedge fund industries, where he held various positions at Farindo Investment/Farallon Capital LLC, ABN AMRO Asia Securities and Makindo Securities.

Mr. Samirin is a Fulbright Scholar who earned a Master's degree in Public Policy from Georgetown University, Washington, D.C. and Bachelor's degree in Civil Engineering from Gadjah Mada University, Yogyakarta. He has published 4 books, more than 100 articles and a list of academic papers.

Profile of The Board of Directors

Alexander Rusli

President Director & Chief Executive Officer

Alexander Rusli, 45, assumed the role of President Director and CEO of Indosat in November 2012 after serving as an Independent Commissioner since January 2010. Before November 2012, Mr. Rusli was a Managing Director in Northstar Pacific, a private equity fund which focuses on Indonesian and Southeast Asian opportunities. Prior to his role in Northstar Pacific, Mr. Rusli served the Government of Indonesia for nine years. In his first six years in government, he was an Expert Advisor to the Minister of Communications and Information Technology, where he was involved in the formulation of policy and regulation in the Telecommunication, Media and Postal industries. In his last three years in government services, he was an Expert Staff to the Minister of State-Owned Enterprises, overseeing approximately 140 state-owned enterprises with more than 500 subsidiaries. During that period, he also held various positions at certain state-owned companies including serving as commissioner of PT Krakatau Steel (Persero), a steel producer, PT Geodipa Energi, a geothermal company and PT Kertas Kraft Aceh, a paper manufacturer. Prior to his posts in the Government, Mr. Rusli was Principal Consultant for PricewaterhouseCoopers Management Consulting in Indonesia.

Mr. Rusli completed all his formal tertiary education in Curtin University, Western Australia. He holds a Doctor of Philosophy degree in Information Systems.

Caba Pinter

Director and Chief Financial officer

Caba Pinter, 49, was appointed Chief Financial Officer at Indosat Ooredoo effective July 2015. He was most recently Regional CFO for the Ooredoo Group in Doha, Qatar from 2013 to 2015.

Previously he held many senior positions in the telecommunications industry starting from CFO of Millicom International Cellular S.A. in Ghana from 2001 to 2002, Finance Director of Celtel Uganda from 2003 to 2005, CFO and Acting CEO of Celtel Kenya from 2005 to 2008, Africa CFO of Zain Africa in the Kingdom of Bahrain from 2008 to 2010, and Africa CFO for Airtel Africa in Kenya from 2010 to 2012.

Mr. Pinter earned a Master degree in International Economics and Management (MIEM) from SDA Bocconi in Milan, Italy.

Joy Wahjudi

Independent Director and Chief Sales and Distribution Officer

Joy Wahjudi, 45, was appointed as Director & Chief Sales & Distribution officer of Indosat Ooredoo in May 2014. Mr. Wahjudi brings 20 years of experience in the Indonesian telecommunications industry to the position, starting in 1995 as the GM Finance & Treasury for Mobile Selular Indonesia. In 1997 he joined XL Axiata as GM Finance Controller, where he was subsequently appointed to a variety of senior positions including GM Corporate Strategy from 2000 to 2003, GM Sales Business Solution from 2003 to 2005, VP Region from 2005 to 2006, and Chief Commerce Officer from 2006 to February 2014.

Mr. Wahjudi holds a Master of Business Administration in International Business from California State East Bay, USA.

John Martin Thompson

Director and Chief Technology Officer

John Martin Thompson, 52, was appointed Director and Chief Technology Officer in November 2014.

In his 25 year telecommunications career, he has held positions with major telecommunications companies all over the globe. He was most recently Director Vodafone Core Network & Operations from 2013 to 2014. He began his career in telecommunications as a Senior Engineer with Microtel (now Orange), United Kingdom, in 1990, and then joined Telecel in Lisbon (Vodafone Portugal) in 1992. In 1993, he joined Tokyo Digital phone (J-Phone) in Japan. Subsequently he served as CTO for RPG Cellular Madhya Pradesh, India from 1995 until 1997,Head of Fixed network D2 Mannesmann, Dusseldorf, Germany from 1997 until 1999, President & CEO of J-Phone Hokkaido Ltd, Japan from 1999 until 2000, CTO of J-Phone East Ltd, Tokyo from 2000 until 2001, Alliance Director at Bharti-Airtel in Delhi, India from 2006 to 2007, Chief Technology Officer for Vodafone K.K. tokyo, Japan from 2001 to 2006, Director at Vodafone Group for the Network Service unit from 2007 until 2012, and CTO of Cable & Wireless Worldwide, Bracknell from 2012 until 2013.

Mr. Thompson earned a Bachelor degree in Electrical Engineering from the University of Birmingham, United Kingdom, in 1984.

Herfini Haryono

Director and Chief Wholesale and Enterprise Officer

Herfini Haryono, 49, was appointed as Director and Chief Wholesale and Enterprise Officer in October 2015. Previously she held Chief Information Officer since February 2015, as well as Acting Chief Technical Officer (CTO) from May 2014 to October 2014 in Indosat Ooredoo. She joined Indosat Ooredoo in early 2013, where she led various major projects including the Mobile Financial Project and Market Bite Size ProjectMobile Financial Project. She has concurrently serves as a Commissioner at Indosat subsidiary PT Lintasarta since June 2014.

With more than 20 years of IT, network engineering and technical experience, Ms. Haryono has held many senior positions including as a Director and Commissioner of PT Telkom Metra from 2007 to 2013, Chief Technology and Information Officer and Director of Planning and Development of PT Telkomsel from 2009 to 2012, and Vice President at PT Telkomsel from 2004 to 2008. Previous to this she worked at StarHub Singapore and in PT. Motorola Indonesia. She has also won multiple awards including the Hitachi Award for the Indonesian CIO of the Year 2009, the Satya Lencana Pembangunan Medal of Development in 2011 from the President of the Republic of Indonesia, and the Amdocs Award for the global Telco CIO of the year in 2011.

Ms. Haryono received a Diplomengineuer degree (Dipl.-Ing.) in Electrical Engineering specializing in Telecommunication from the Technical University of Braunschweig, Germany in 1992. Subsequently she participated in various training courses including a Financial Management Course at Prasetya Mulya University, Jakarta, and an Innovation Course at MIT, Cambridge, USA.

Profile of Chiefs

Indar Atmanto

Chief Corporate Services Officer

Indar Atmanto has been the Chief Corporate Services Officer since August 2011. Mr. Atmanto previously served as President Commissioner of PT Indosat Mega Media, and CEO PT Indosat Mega Media (IM2) from 2006-2012. Many initiatives were taken during his tenure to position IM2 as the prime mover of Mobile Broadband services in Indonesia, during which IM2 was well respected by other operators in the market and achieved both national and international recognition such as winner of The Most Innovative Broadband Wireless from WBA (World Broadband Alliance), a Top Brand Award, and call center awards from respected institutions in Indonesia. In 2010, Mr. Atmanto was also selected as one of the Best Indonesian CEOs by SWA business magazine. Prior joining PT Indosat Mega Media, Mr. Atmanto served as Commercial Director of PT Aplikanusa Lintasarta where company growth outperformed the market during his tenure. In the past, he has served as a commissioner and director at various companies including among others Commissioner of PT EDI (Electronic Data Interchange), Commissioner of PT Indosat Multimedia Mobile (iM3), Commissioner of PT Satelindo, and Director of PT Bimagraha Telekomindo. His professional experience also includes various management positions at PT Indosat Tbk including Corporate Secretary, Strategic Corporate Development-General Manager, and Marketing-General Manager. Mr. Atmanto graduated from Bandung Institute of Technology (ITB), Indonesia in 1986. He received a scholarship from OTO Bapenas of the Government of Indonesia to continue his studies, and earned a Master degree in Business Administration specializing in Telecommunication Management and Finance, from the University of Miami, USA in 1993. In 2014 Mr. Atmanto was nominated as a 2014 Inspiring Figure and received a Golden Ring Award from Telko Indonesia reporters. Mr. Atmanto is currently on the Supervisory Board of APMI (Indonesian Multimedia Providers Association) as well as the Supervisory Board of PWI Jaya (Indonesia Reporters Association).

Dr. Andreas Gregori

Chief Marketing Officer

Dr. Andreas Gregori was appointed as Chief Marketing Officer in September 2015. Dr. Gregori has been a Senior Partner with the IDG Group of Companies since 2012. An expert in technology business development and marketing, he entered the telecommunications sector in 2002 as the Head of Vodafone live! proposition for Vodafone Group, where he rose to become Director Consumer Marketing for Vodafone Germany. In 2006 he moved to the E-Plus Group, the third largest German mobile operator as Chief Sales & Marketing Officer, and in 2011 he joined Sunrise Communications AG, the second largest Swiss Telco, as the Chief Commercial Officer before moving to the IDG Group of Companies.

He initially began his career in 1991 as a consultant with PriceWaterhouse before joining Procter & Gamble in 1992, where he became Brand Manager before moving to Bertelsmann AG as VP Marketing Europe for the Lycos Network in 1998, followed by a stint as VP Marketing for Intershop AG, a leading e-business software vendor based in Hamburg.

Dr. Gregori earned a degree in Computer Science from the Technical University of Darmstadt in 1991 and subsequently graduated from the Technical University of Berlin with a Doctorate degree summa cum laude in 1995.

Prashant Gokarn

Chief New Business & Innovation Officer

Prashant Gokarn was appointed Chief New Business & Innovation Officer in September 2015. Mr. Gokarn previously held various positions including Chief Strategy & Planning Officer in July 2011, a member of the Board of Commissioners of PT Indosat Mega Media, Head of 3G Business, Reliance Communications, India from May 2010 to June 2011, Head of Corporate Strategy, Reliance Communication, India from April 2008 to June 2011 and Partner in Spectrum Value Partners, London, UK from 2000 to to 2008. Mr. Gokarn received a Postgraduate degree in Management Studies from the Indian Institute of Management and is a graduate from Indian Institute of Technology.

Ripy R.H. Mangkoesoebroto

Chief Human Resources Officer

Ripy R.H. Mangkoesoebroto is the Chief Human Resources Officer of Indosat Ooredoo. She joined Indosat Ooredoo in November 2012, bringing over 20 years of experience in Human Resources in the consumer goods, pharmaceutical and consulting industries with leading national and multinational organizations. She was most recently Chief Human Resources at AXA Indonesia, part of the AXA Group, one of the largest insurance companies in the world. Prior to that she was Human Resources Director at MSD Group, which is owned by Merck & Co, the second largest pharmaceutical company worldwide. Ms. Mangkoesoebroto is a graduate of the faculty of Psychology of the University of Indonesia, with a post-graduate MsC. in Education and Training System Design from the University of Twente, the Netherlands.

Thomas Chevanne

Chief Strategy & Experience Officer

Thomas Chevanne was appointed as Chief Strategy & Experience Officer Indosat Ooredoo in September 2015. Mr. Chevanne is a telecom strategy expert with 15 years' experience in the media and telecommunications sector. He has been with the Ooredoo Group since 2007, during which he has held a variety of senior positions including, most recently, Group Senior Director Commercial Strategy & Partnerships. Previous to that he was a Strategy Advisor for leading media and telecom organizations focusing on growth strategies in emerging markets. Mr. Chevanne began his career in 2000 as a Strategy Consultant for Gemini Consulting between 2000 to 2005. Mr. Chevanne graduated with honors from the Paris Institute of Political Science and the London School of Economics.

Profile of Audit Committee Independent Experts

Kanaka Puradiredja

Audit Committee

Kanaka Puradiredja has been a member of the Audit Committee since January 2009. He is the founder of Kanaka Puradiredja, Suhartono Public Accounting Firm and was Senior Partner from 2000 to October 2007. He is one of the founding partners and leaders of KPMG Indonesia (1978-1999) including acting as Managing Partner, with the last position before he retired as the Chairman of the firm. Currently he is the Chairman of Honorary Board of the Indonesian Institute of Audit Committee and former Chairman of Honorary Board of Indonesian Accountants Association (2002-2010), Member of the Honorary Board of Professionals in Risk Management Association (PRIMA) and Chairman of Executive Board of the Indonesian Institute of Commissioners and Directors. Previously he also held several positions, including member of Marketing & Communication Committee of KPMG International in 1995, member of KPMG Asia Pacific Board 1994-1998, and worked at Peat Marwick Mitchell (predecessor of KPMG) in Melbourne, Australia during 1975-1977 and at the Directorate General State Treasury of Finance Ministry (now BPKP) during 1971-1974. He graduated from Faculty of Economics, majoring in Accounting, at Padjajaran University, Bandung in 1971. He is a Chartered Accountant, Chartered Member of Indonesian Institute of Commissioners and Directors (LKDI) and a Certified Risk Management Professional.

Unggul Saut Marupa Tampubolon

Audit Committee

Unggul Saut Marupa Tampubolon been a member of the Audit Committee since 2008. In the past, he has held several positions, including President Director of PT Satelindo from 2001 to 2002, General Manager, Legal Affairs of PT Indosat from 2000 to 2001, Commissioner of PT MGTI (Indosat Group) from 2000 to 2001, President Director of PT Indosel from 1997 to 1999, Commissioner of PT Sisindosat (Indosat Group) from 1997 to 1999, Director of PT Menara Jakarta from 1996 to 1997, Commissioner of PT Patrakom (Indosat Group) from 1996 to 1997 and General Manager, Legal and General Affairs of PT Indosat from 1988 to 1997. Prior to joining Indosat he was the Corporate Attorney of PT Nickel Indonesia from 1980 to 1983. Mr. Tampubolon earned a degree in International Law from the Faculty of Law, University of Indonesia in 1977.

OJK Reference

No.	Category	Description	Page
I.	General		
1	The annual report is presented in proper Bahasa Indonesia with recommendation to also be presented in English.		√
2	The annual report is printed on brightly colored paper for readability and clarity.		√
3	The annual report clearly publishes the company's identity.	The Name of Company and Year of Annual Report are displayed on the: 1. Cover; 2. Side; 3. Back Cover; and 4. Every Page	√
4	Annual report is displayed on the Company's website	Covering the current and previous years annual report	
II.	Financial Highlights		
1	Information on Company's results of operations in the form of three (3) years comparison or from the start of business, if the Company has conducted business activities for less than 3 (three) years.	Information includes, among others: 1. Sales / revenue 2. Income (loss) a. Attributed to the shareholders of the holding company; and b. Attributed to the interest of the non-controlling 3. Total net income (loss) and other comprehensive income: a. Attributed to the shareholders of the holding company; and b. Attributed to the interest of the non-controlling; 4. Earnings (loss) per share Note: If the Company has no subsidiaries, total net income (loss) and other comprehensive income should be disclosed.	10
2	Information on Company's financial position in the form of three (3) years comparison or from the start of business, if the Company has conducted business activities for less than 3 (three) years.	Information includes, among others: 1. Total investments in associates and/or joint ventures 2. Total Assets 3. Total Liabilities 4. Total Equity	10
3	Financial ratio in the form of three (3) years comparison or from the start of business, if the Company has conducted business activities for less than 3 (three) years.	Information includes five (5) financial ratios that are general and relevant to the company.	10
4	Stock price information in tables and charts.	1. Information with tables and charts which expose: a. Total shares outstanding; b. Market Capitalization; c. Highest, lowest, and closing price of stock; and d. Quarterly trading volume 2. Information in the form of graphs that contains at least the closing price and trading volume of the stock for the last 2 (two) financial years (when available).	14

No.	Category	Description	Page
5	Information on outstanding bonds, sukuk or convertible bonds in the last two (2) financial years	The information includes: 1. Total of bonds/sukuk/convertible bonds outstanding 2. Interest Rate/Return 3. Expiry date 4. Bonds/sukuk rating	15 92-94
III.	Report from the Board of Commissioners and Board of Directors		
1	Report of the Board of Commissioners	Includes the following: 1. Assessment on the Board of Directors' Performance in Managing the Company 2. View on the Company's business prospect prepared by the Board of Directors 3. Assessment on the performance of committees under the Board of Commissioners; and 4. Changes in the Board of Commissioners' composition and its reasons (when available)	23-25
2	Report of the Board of Directors	Includes the following: 1. The Company's performance that include strategic policy, achieved results to target ratio, obstacles that the Company faced. 2. Description on business prospects 3. Implementation of good corporate governance 4. Assessment on the performance of Board of Directors committees (when available); and 5. Changes in the Board of Directors' composition and its reasons (when available)	28-31
3	Signatures of the Board of Directors and Board of Commissioners	Include the following: 1. Signatures are placed in a separate page 2. A statement that the Board of Directors and Board of Commissioners are fully responsible for the accuracy of the Annual Report's content. 3. Signed by all members of the Board of Commissioners and the Board of Directors, with name and title 4. Written explanation in a separate letter in by any member of the Board of Commissioners or Directors who did not sign the annual report, or, written explanation in a separate letter by the other members should the written explanation is not available.	33
IV.	Company Profile		
1	The Company's name and full address	Information which contain name and address, zip code, telephone & fax number, email, and website	383
2	A brief history of the Company	Including: date/year of establishment, name, and change(s) to the Company's name (if any). Note : please disclose if the company has never conducted the company name changes	
3	Business	Descriptions on, among others: 1. The Company's business activities according to the latest Articles of Association; 2. Business activities; and 3. Description of products and/or services;	37 40-45
4	Organizational structure	With chart, including the name and position of at least up to one level below the Board of Directors	48
5	Company's vision, mission, and corporate culture	Includes: 1. The Company's vision; 2. The Company's mission; 3. A statement declaring that the vision and mission has been approved by the Board of Directors/Board of Commissioners, and 4. A statement on the corporate culture of the Company.	38-39

No.	Category	Description	Page
6	Brief background information of the Board of Commissioners	Information includes, among others: 1. Name 2. Positions (including position(s) in other companies or institutions) 3. Age 4. Domicile; 5. Education 6. Working experience 7. Date of first appointment as a member of the Board of Commissioners	286-291
7	Brief background information of the Board of Directors	Information includes, among others: 1. Name 2. Positions (including position(s) in other companies or institutions) 3. Age 4. Domicile; 5. Education 6. Working experience 7. Date of first appointment as a member of the Board of Directors	292-295
8	Number of Employees (2 years comparison) and a description of competence development (eg. Employees' education and training)	Information includes, among others: 1. The number of employees for each level of the organization 2. The number of employees for each level of education 3. The number of employees based on employment status; 4. Employee trainings that have been conducted to reflect equal opportunities to all employees 5. Incurred costs	12 47 67
9	Composition of Shareholders	Includes, among others: 1. Names of shareholders with 5% or more shares 2. Directors and Commissioners who own shares a. Shareholders' name with 5% shares ownership b. Commissioners and Directors' name with ownership, and c. Group of public shareholders with less than 5% ownership	46
10	List of Subsidiaries and/or Associates	Information includes, among others: 1. Name of Subsidiaries and/or Associates 2. Percentage of share ownership 3. Description of the Subsidiaries and/or Associates' business 4. Information on Subsidiaries and/or Associates operational status (has yet operated or not)	284-285
11	Company's group structure	Company's group structure which describes the structure of subsidiaries, associates, joint ventures and special purpose vehicle (SPV), or a statement of no ownership of group.	46
12	Share Listing Chronology	Includes the following: 1. Share listing chronology 2. Types of corporate actions that prompt changes in the number of shares 3. Changes to number of shares from the start of bookkeeping to the end of fiscal year 4. Names of stock markets where the shares are listed	40-41
13	Listing chronology of other securities	Includes the following: 1. Listing chronology of other securities 2. Types of corporate actions that prompt changes in the number of other securities 3. Changes of other total securities from the beginning of listing to the end of fiscal year 4. Names of stock markets where the securities are listed 5. Securities rating	15
14	Name and address of capital market institutions and/or professionals	Includes the following: 1. Name and address of the Securities Administration Agency 2. Name and address of the Public Accounting Firm 3. Name and address of rating agency	280-281

No.	Category	Description	Page
15	Awards and/or certification received, both national and international	Includes the following: 1. Name of awards and/or certificates 2. Year received 3. Award and/or certification issuer 4. Validity period (for certification)	47
16	Name and address of subsidiaries and/or branches or representative (if any)	Covering information among others : 1. Name and address of subsidiary; and 2. Name and address of branch offices/representatives Note: If the Company has no subsidiaries/branches/representative offices, it should be stated.	284-285
17	Information on Company's Website	Should include at a minimum: 1. Shareholders information up to ultimate shareholder; 2. The Company's Group Structure (when applicable) 3. Financial Performance Analysis 4. Annual Financial Report (of the last 5 years); and 5. Board of Commissioners and Board of Directors' Profile .	√
V.	Management Discussion and Analysis		
1	Review of operations per operational segment	Contains a description of: 1. Explanation of each business unit. 2. The performance of each business unit, such as: The increase/decrease in production capacity; c. Production; d. Increase/decrease of production capacity; e. Sales/Revenue; and f. Profitability	53-63
2	Description of the Company's financial performance	Financial performance analysis that includes a comparison between the financial performance of the relevant year and with previous years (both in narrative and tables), which covers the following: 1. Current assets, non-current assets, and total assets; 2. Short-term liabilities, long term liabilities and total liabilities 3. Equity 4. Sales/revenues, expenses, and net income (loss), other comprehensive income, and total Comprehensive Income (loss) 5. Cash Flow	73-105
3	Discussion and analysis of the Company's solvability and receivable collectability level, by presenting the calculation of relevant ratios.	With details on: 1. Short and long term solvability 2. Receivable Collectability Level	87-105
4	Discussion on capital structure and capital structure policy	With details on: 1. Capital structure, 2. Capital structure policies	87-105 275
5	Discussion on capital goods investment material commitment	Explanation on: 1. The purpose of the commitment 2. Expected source of fund to fulfil the respective commitments 3. Currency of denomination 4. Steps taken by the company to protect the risk against related foreign currency position. Note: Should be disclosed if the company has no material ties in investments in capital goods	100-101
6	Discussion of capital investments that were realized in the last financial year	Explanation on: 1. Types of capital investments; 2. The objectives of capital investments; and 3. The value of capital investments incurred in the last financial year. Note: please disclose if there is no realization on capital goods investments.	100-101

No.	Category	Description	Page
7	Comparative information between target at the beginning of fiscal year with realization, and target or projection for next one year regarding revenue, income, capital structure, or other aspects considered significant for the Company	Information discloses, as follows: 1. Comparison between target at the beginning of fiscal year with the realization 2. Implemented target or projection in the next one year	29
8	Material Information and facts subsequent to the accountant's reporting date	Description regarding significant events subsequent the accountant's reporting date, including their impact on future business performance and risks. Note: Should be disclosed if there is no significant subsequent event after accountant's reporting date.	46
9	Description on Company's business prospect	Description on Company's business prospect related with industry and economy in general, supported with supporting quantitative data from accountable data sources.	31
10	Marketing aspect description	Information regarding the marketing aspect of the company's products and services, namely marketing and market share strategy	54-65
11	Description regarding the dividend policy as well as date and amount of cash dividend per share and amount of dividend per year as announced or paid during the past two (2) years	Contains information on: 1. Policy of dividend payout 2. Amount of dividend 3. Amount of cash dividend per share 4. Payout ratio; and 5. Date of announcement and cash dividend payout Note: if there is no dividend payment, the reasons should be disclosed	10 100
12	Share Ownership by Employees Program, and/or management conducted by the company (ESOP/MSOP)	Contains information on: 1. Amount of ESOP/MSOP shares and its realization; 2. Time frame; 3. Requirement for the rights of employee and/or management; and 4. Exercise value Note: If there is no such program, it should be stated.	175
13	IPO Proceeds realization (regarding the Company is obligated to disclose IPO proceeds realization report)	Contains information on: 1. Total funds acquired. 2. IPO Proceeds plan. 3. Details of IPO Proceeds 4. Outstanding Proceeds. 5. Date of GMS Approval on IPO Proceeds amendment (if any)	n/a
14	Information on material transactions with conflict of interest and/or transactions with related parties.	Contains information on: 1. Name of person performing the transaction and nature of affiliated transaction; 2. Transaction fairness statement 3. Reason of the transaction 4. Transaction realization in current period 5. Company's policy related with transaction review mechanism; 6. Compliance with regulation and related provision Note: if there is no respective transaction, should be disclosed	-
15	Explanation regarding changes in regulation that holds significant impact to the company	Description should contain, among others: any changes in regulation and its impact on the Company Note: If there is no change in regulation which have a significant effect, should be disclosed	127 128
16	Explanation regarding changes in accounting policy applied by the Company on the last fiscal year	Description should contain among others: changes in accounting policy as well as its reason and impact to the financial statement Note: if there is no change in accounting policy, should be disclosed	101 180

No.	Category	Description	Page
17	Information on sustainability	Disclosure of the information on: 1. Matters that potentially affects the sustainability of the Company's business significantly at the end of the financial year 2. Management's assessment on the matters mentioned on point 1; and 3. Assumption used by the management in making the assessmen. Note: If there is no matters that potentially affects the sustainability of the Company's business significantly at the end of the financial year, the assumption that based the believe of the management that there is no matters that potentially affects the sustainability of the Company's business significantly at the end of the financial year should be stated.	31 75
VI.	Good Corporate Governance		
1	Board of Commissioners description	Description includes, as follows: 1. Description of the Board of Directors' duties 2. Training program to enhance Board of Commissioners' competency; and 3. Disclosure of the Board Charter (Board of Commissioners Manual) disclosure	115-117
2	Information on Independent Commissioners	Includes the following: 1. Criteria for the assignment of an independent commissioner; and 2. Statement of independence of each Independent Commissioner.	117
3	Board of Directors description	Description includes: 1. Scope of works and responsibilities of each member of the Board of Directors 2. Training program to enhance Board of Directors' competency or orientation program for new Directors; 3. Disclosure of the Board Charter (Board of Directors Manual); and Policy on Directors' succession	118-120
4	Board of Commissioners and/ or Board of Directors members assessment	The information should include: 1. Board of Commissioners and/or Board of Directors members' performance assessment implementation process. 2. Criteria used in carrying the assessment of Board of Commissioners and/ or Board of Directors' members' performance. 3. Related party who performed the assessment	116 118
5	Board of Directors remuneration policy	Description includes, as follows: 1. Remuneration policy disclosure 2. Remuneration structure indicating short-term remuneration, post employment and/other long term Remuneration type and amount for every member of Board of Directors 3. Remuneration structure indicating the type and total of short term Compensation, post employment and/or other long term Compensation for every member of the Board of Directors; and 4. Key performance indicators disclosure to assess Board of Directors' performance	118-119 116
6	Frequency and level of attendance of Board of Commissioners meetings, Board of Directors meetings and joint meetings of the Board of Commissioners and Board of Directors	Information containing among others: 1. Date of Meeting; 2. Meeting Participants 3. Agenda of Meeting. For every Board Commissioners, Board of Directors and joint meeting.	116 119
7	Information regarding majority and controlling Shareholders both directly or indirecty, to individual ownership	In diagram or chart, except for the SOEs that fully owned by the government	46

No.	Category	Description	Page
8	Disclosure of affiliated relationship between members Board of Directors, members of Board of Commissioners and/or Majority/Controlling Shareholders	Includes the following: 1. Affiliated relationship between Board of Directors and Board of Commissioners members 2. Affiliated relationship between Board of Directors members with Majority and/or Controlling Shareholders 3. Affiliated relationship between Board of Commissioners members 4. Affiliated relationship between Board of Commissioners members with Majority/Controlling Shareholders 5. Affiliated relations between members of the Board of Commissioners with the Major Shareholders and/or Controlling Shareholders Note: should be disclosed if there is no respective affiliated relationship	-
9	Audit Committee	Includes the following: 1. Name and position of Audit Committee members 2. Educational qualification and employment history of Audit Committee members 3. Audit committee members independency 4. Duties and responsibilities description 5. Audit committee meeting frequency and attendance level 6. Meeting frequency and attendance of audit committee	117 146-147
10	Remuneration and Nomination Committee	Includes the following: 1. Name, position, and brief profile of Nomination and/or Remuneration Committee members 2. Nomination and/or remuneration committee members' independency 3. Description of duties and responsibilities 4. Nomination and/or remuneration committee duties implementation report 5. Nomination and/or remuneration committee meeting frequency and attendance level 6. Statement if there is a guiding nomination and/or remunenation committee/function; and 7. The Board of Directors' succession policy	149-117
11	Other committees under the Board of Commissioners	Includes the following: 1. Name, title, and brief profile of the members of the committees 2. Independency of other committees' members 3. Duties and responsibilities description 4. Other committees' duties implementation report 5. Other committees' meeting frequency and attendance level.	148 150 117
12	Corporate Secretary duties and function description	Includes the following: 1. Name and brief profile of Corporate Secretary officer 2. Corporate Secretary duties implementation report 3. Training program for competence development of corporate secretary	120
13	Description of the previous year's General Meeting of Shareholders (GMS)	Includes, among others: 1. The previous year's GMS resolution; 2. Realization of the GMS in fiscal year; and 3. Reasons for any decisions of GMS that has not yet been realized.	110-115
14	Description regarding internal audit unit in the Company	Includes among others: 1. Name of the Head of internal audit 2. Number of internal audit employees 3. Qualification/certification as an internal audit professional 4. Organizational structure or position of the internal audit 5. Duties implementation report 6. Respective party that appoints or dismisses the Head of Internal Audit	123

No.	Category	Description	Page
15	Corporate Accountant	Information discloses, as follows: 1. Number of audit periods that the accountant has audited the Company's financial statements. 2. Total period of Public Accounting Firm in conducting the audit of annual financial report 3. The amount of audit or other attestation fee 4. Other service provided by the accountant apart from financial audit service Notes: if there is no other service, should be disclosed	124
16	Description regarding the Company's Risk Management	Includes the following: 1. Explanation on Risk Management System 2. Explanation on Evaluation of Risk Management Processes 3. Explanation of the risks faced by the company 4. Efforts to manage those risks	122-138
17	Explanation on Internal Controlling System	Includes the following: 1. Brief explanation regarding internal audit system, including operational and financial audit 2. Explanation of internal audit system conformity with international recognized framework/COSO (control environment, risk assessment, control activities, information and communication, and monitoring activities) 3. Explanation regarding evaluation on internal audit system effectiveness	120-121 138
18	Description regarding Corporate Social Responsibility on environment.	Information should include: 1. Policy determined by the management 2. Activities performed related to the environmental program that related with Company's operational, such as environmentally friendly and recyclable materials, energy utilization, Company's waste management system and so forth. 3. Certification on environmental sector (if any)	151
19	Description regarding corporate social responsibility on workforce and occupational health and safety.	Information should include: 1. Policy determined by the management; 2. Activities performed related to employment practice, occupational health and safety such as gender equality and job opportunity, occupational infrastructure and safety, employee turnover rate, occupational accident rate and so forth.	156
20	Description regarding corporate social responsibility on social and community.	Information should include: 1. Policy determined by the management 2. Activities performed related to product responsibility, customer's health and safety, product information, facility, numbers of and response to customer's complaints, and so forth	152-155
21	Description of Corporate Social Responsibility related to responsibility to consumers	Includes, among others, information on: 1. Policy stipulated by the management; 2. Prevailing activities; In relation to the product responsibility, such as consumers' health and safety, product information, facilities, amount and handling of consumers' complaints, etc.	152
22	Litigation or legal cases faced by the Company, subsidiaries, members of Board of Directors and/ or Board of Commissioners serving on the Annual Report period	Information should include: 1. Description of case/litigation 2. Case/litigation settlement status 3. Impacts on the Company's financial condition 4. Administration sanctions that have been applied to the entity, Board of Commissioners, Board of Directors, by relevant authorities (capital market, banking, or others) on the last fiscal year (or a statement of no administration sanction applied) Notes: Should be disclosed if there's no litigations occurred	139-144
23	Information access and corporate data	Description on access to corporate information and data to the public, for example through website, mass media, mailing list, bulletin etc	145

No.	Category	Description	Page
24	Discussion on the Company's Code of Conduct	Containing descriptions, as follows: 1. Code of Conduct content 2. Disclosure that the Code of Conduct's is applicable for all organizational level 3. Dissemination of Code of Conduct 4. Type of sanction for each violation of Code of Conduct; and 5. Total violation of Code of Conduct as well as the given sanctions at the end of the financial year. Notes: If there is no violation to Code of Conduct at the end of the financial year it is to be stated	69 144-145
25	Disclosures of the whistleblowing system	Includes the whistleblowing system mechanism of: 1. Violation reporting 2. Protection for the whistleblower 3. Report handling 4. Report management 5. Result of report handling and report being processed at the last fiscal year and its follow-up	149
26	Composisiton diversity of the Board of Commissioners and the Board of Directors	Description of the company policy on the composition diversity of the Board of Commissioners and the Board of Directors in education (field study), working experience, age, and gender Note: if there is no policy as stated above, pease disclose the reasons and considerations	117
VII.	Financial Information		159
1	Board of Directors' statement regarding responsibility on the financial statement	Financial Statement compliance with related regulation	160-161
2	Independent auditor's opinion on the financial statement.		160-161
3	Independent auditor's opinion on the financial statement.	The description should contain: 1. Name and signature 2. Audit Report Date 3. Public Accountant Office and Individual Public Accountant license number	Financial Statement
4	Comprehensive financial statements	Covering a comprehensive financial report materials: 1. Financial position (balance sheet) report 2. Comprehensive income statement 3. Changes in Equity Report 4. Cash Flow Report 5. Notes on Financial Statements 6. Comparative information on the previous period; and 7. Report of the financial position at the beginning of the previous period, presented when the entity implements a particular accounting policy retrospectively or restates the financial report posts, or when the entity reclassifies posts in their financial report (when considered relevant).	Financial Statement
5	Profitability ratio comparison	Comparison of current year's profit/loss with previous year	Financial Statement
6	Cash flow report	Should comply with the following provisions: 1. Categorization of three activities: operating, investing, and financing activities 2. Using direct method to present cash flow from operating activity 3. Separating the presentation between cash acquisition and or cash expenses on operating, investing and financing activities in current year 4. Non-cash activity disclosure has to be presented in financial statement notes	Financial Statement

No.	Category	Description	Page
7	Accounting policy highlights	Should include at least: 1. Compliance with FAS 2. Financial statement measurement and preparation foundation 3. Income and expense recognition 4. Fixed Asset 5. Financial Instrument	Financial Statement
8	Affiliated Party transaction disclosure	Several aspects disclosed, as follows: 1. Name of the affiliated parties, as well as the nature and relationship with the affiliated parties 2. Value of the transaction and the percentage on total related income or expenses 3. Total balance and the percentage towards total asset or liabilities	Financial Statement
9	Disclosure on any aspects related with Taxes	Several aspects that shall be disclosed, as follows: 1. Fiscal reconciliation and calculation of current tax 2. Statement on the relation between Tax expense (income) and accounting income 3. Taxable Profit as calculated through reconciliation is in accordance with the Tax Return statement 4. Details of deferred tax assets and liabilities presented in the balance sheet in each period of presentation, and amount of deferred tax expense (income) recognized in the profit loss statement if the said amount is not evident in the asset or liability of deferred tax recognized in the financial position report 5. Tax dispute disclosure or lack thereof	Financial Statement
10	Disclosure related to fixed assets	Must include disclosures on: 1. Depreciation method used 2. Description of the accounting policies selected between the model and the cost model revaluation 3. Methods and significant assumptions used in estimating the fair value of fixed assets (revaluation model) or disclosure of the fair value of fixed assets (for the cost model) 4. A reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and end of the period that featuring: addition, subtraction and reclassification	Financial Statement
11	Disclosure related to segments of operations	Must include disclosures on: 1. General information which includes the factors used to identify the reported segments 2. Information on profit and loss, assets, and the liabilities of the reported segments 3. Reconciliation of the segments' total revenues, reported segments' profit and loss, assets, liabilities, and other materials towards relevant amount within the entity 4. Disclosure in entity level, which covers information on product and/or services, geographical location, and major customers	Financial Statement
12	Disclosure regarding the Financial Instruments	Should disclose the following: 1. Accounting policy, requirement and condition for every financial instrument group 2. Financial instrument classification 3. Fair value for every financial instrument group 4. Explanation of financial instrument inherent risk: market risk, credit risk and liquidity risk 5. Quantitative analysis on every risk related to financial instrument	Financial Statement
13	Issuance of Financial Statements	Several aspects shall be disclosed, as follows: 1. Date of financial statements issuance 2. Responsible parties in authorizing financial statements	Financial Statement

Sustainability Report

We improved our customer experience and continued to engage with stakeholders, in order to strengthen our business and sustainably deliver more value

Chapter

8

Report Profile

This report sets forth the activities of PT Indosat Tbk (hereafter refered to as "Indosat Ooredoo") in 2015 towards long term sustainability, for the benefit of all stakeholders and the Indonesian nation.

Report Parameters

Reporting Cycle

Indosat Ooredoo produces this report on a yearly basis to communicate its economic, environmental and social impacts to its stakeholders, which include employees, customers, suppliers, dealers, community groups, and government in Indonesia.

Period Covered

This report covers the period between January 1, 2015 to December 31, 2015. The previous report covered the period between January 1, 2014 to December 31, 2014.

Content of Report

This report discusses aspects of Indosat Ooredoo's business which have significant impact in the areas of governance, labor, community, environment, and economy, and are therefore considered material aspects. Quantitative data is provided where possible, supplemented or substituted by qualitative data.

This information in this report is not subject to specific limitations but there may be also information that is not disclosed in this report because it is not believed to be of major significance to our stakeholders namely our customers, partners, employees, shareholders, community and the government.

The content of this report refers to the core GRI 4.0 indicators which may be found at the GRI website www.globalreporting.org.

Scope of Report

The material provided pertains to the operations of Indosat Ooredoo and its subsidiaries in Indonesia as included the organization's consolidated financial statements.

Measurement and Reporting

There have been no substantial changes in reporting method or restatement from the previous sustainability report that would significantly affect comparability between this year's sustainability report and the previous year's. Financial figures are based on Indonesian Generally Accepted Accounting Principles (GAAP) accounting standards. There were no significant in accounting methods or restatement from the previous Sustainability Report.

Guidelines & Assurance

This report refers to the Sustainability Reporting Guidelines (SRG) that are released by the Global Reporting Initiatives (GRI). This report has not been submitted to external assurance, however it is submitted to the Financial Services Authority and Indonesia Stock Exchange (IDX).

Contact

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I. CEO Message

Dear Shareholders,

The year 2015 has been an important and exciting year for Indosat Ooredoo. Despite lackluster economic growth in Indonesia, we managed to close important goals. We also achieved major progress on many fronts, delivering gains to stakeholders in multiple areas ranging from double-digit revenue growth to higher corporate governance scores, a record 69.7 million cellular subscriber numbers, and improved customer satisfaction scores.

Key Achievements & Events

Most notably in 2015, we successfully completed our network modernization to be LTE ready and rebranded as Indosat Ooredoo, marking the beginning of our transformation to move beyond traditional ICT solutions to become a digital company. The name 'Indosat Ooredoo' signals our inclusion as a member of the Ooredoo global family.

In line with this identity, we have established a three-year goal of becoming Indonesia's leading digital telco. We plan to achieve this strategy by providing liberating products and services which will enable our customers to confidently connect and profit from the digital economy; by providing the strongest and most reliable mobile and fiber network; and by treating customers like friends.

In short, we are committed to delivering a great experience and enriching our customers' lives, in order to ensure Indosat Ooredoo's continued relevance in the fast changing landscape of the digital world.

Encouraging Sustainable Gains through Technology
Our efforts to realize this strategy extends beyond our own organization, as demonstrated by our continued support of the Indonesian digital ecosystem in general. During the year our Ideabox incubator graduated another batch of local startups, while our US$14.5 million SB-ISAT venture fund made several promising investments, also in local companies. In addition, our annual Indosat Wireless Innovation Contest (IWIC), which aims to generate interest in innovation and technology among young Indonesians, drew record participation in 2015 with more than 3,000 participants. By supporting the local ecosystem through mentorship and funds, we have helped to kick start a positive cycle of growth that is truly sustainable.

Meanwhile, our long-running Community Social Responsibility (CSR) program have touched more lives than ever. Our Women Empowerment program has harnessed technology to empower women in business, for example by teaching them to research, market and sell their products over the internet and to use e-payment methods. Whereas our Mobile Clinic program has brought medical equipment and professional to treat over 737,000 beneficiaries since 2007 across the nation. Our Mobile Clinic program has been so effective that plans are being made to duplicate it elsewhere in the Asia, the Middle East and Africa. We also launched a Cyberschool education program in November 2015 that uses digital technology to make good education more affordable, accessible and simple anywhere in the nation.

People Development & Engagement

Our people, as the driver of this transformation, continued to be an important focus area. We have pushed to create a more open and streamlined corporate culture, with plenty of opportunities for training and merit-based career advancement.

Our employees also have the opportunity to participate in our CSR programs through homestay programs, collaborating with "Indonesia Mengajar", in remote areas, where they can teach or volunteer in elementary school. In 2015 our employees volunteered among others, in Kalimantan, Sulawesi and Papua, directly engaging with communities in many different islands in Indonesia.

Next Steps

As a leading telco provider, we are aware that we are both a pioneer and a benchmark, especially in digital. It is up to us to set an example as an ethical and responsible corporate citizen, one that continuously keeps in mind the interests of stakeholders and tries to give back in a sustainable manner. From engaging with the community to managing our supply chain responsibly, we will continue to strive for improvements in our operations and governance, and we will look for opportunities where we can make a tangible difference in the lives of the Indonesian people.

As we embark on our journey of transformation, we thank all of our customers, shareholders, partners, employees, community members and the government for their support, and we look forward to another year together.

Alexander Rusli

President Director and Chief Executive Officer

II. About Indosat Ooredoo

Established in 1967, PT Indosat Tbk (Indosat Ooredoo) is a leading telecommunication and information service provider in Indonesia and a member of Ooredoo Group, a global telecommunications provider. Indosat Ooredoo provides cellular, fixed data and wireless broadband services as well as fixed telecommunication or fixed voice offerings including IDD, fixed wireless and fixed phone services, and digital services. In addition, together with its subsidiaries PT Indosat Mega Media (IM2) and PT Aplikanusa Lintasarta, Indosat Ooredoo provides fixed data or Multimedia, Internet & Data Communication services such as IPVPN, leased line, internet services and IT services to corporate segments. The Company is listed on the Indonesia Stock Exchange (IDX: ISAT).

In 2015, the Company rebranded as Indosat Ooredoo and embarked on a new journey, with the goal of becoming Indonesia's leading digital telco.

Name of the organization	PT Indosat Tbk, known as "Indosat Ooredoo "
Primary brands, products and/or services	• Postpaid and Prepaid Cellular Services under the Mentari, Matrix and IM3 brands • Fixed data services, which include multimedia, data communications and Internet (MIDI) services marketed primarily to business customers. We also offer satellite-based services such as transponder leasing and VSAT services and IT services, such as Disaster Recovery Center, Data Center services, and Indosat Ooredoo Cloud Services with infrastructure-as-a-service. We provide these services directly and through our subsidiaries, Lintasarta and IM2. • Fixed telecommunications (voice) services. • Digital services.
Location of the organization's headquarters	Jakarta, Indonesia
Operational area and markets served	Indosat Ooredoo serves both retail, Small Medium Enterprise (SME) and large enterprise customers across the Republic of Indonesia.
Nature of ownership and legal form	Publically listed Indonesian legal entity
Scale of the company	
Number of cellular subscribers	69.7 million
Number of permanent employees	3,178 (not including subsidiaries)
Number of BTS	50,687
Revenues in 2015	Rp26,768.5 billion
Total assets as of December 31, 2015	Rp55,388.5 billion
Identity and percentage of largest shareholders	Ooredoo Asia Pte Ltd. is the largest shareholder with 65% ownership.
Significant changes in size or ownership, or supply chain	No significant changes took place during the reporting period with regard to ownership or share capital structure. Certain assets/ facilities were strategically closed while new ones were upgraded, but the scale of the overall organization did not change materially during the year, nor did its supply chain.
Operational structure of the organization	For the complete Organizational Structure chart of Indosat Ooredoo, please refer to the Company Profile section of the 2015 Annual Report.

III. Stakeholder Overview

Stakeholder Identification

For this report, Indosat Ooredoo's stakeholder groups were identified based on the fact that Indosat Ooredoo actively engages with them in the process of creating its products and services, and/or the potential for Indosat Ooredoo to actively affect the wellbeing of these groups by contributing positive or negative impacts.

Stakeholder groups engaged by Indosat Ooredoo	Engagement method*
Customers	Customers interact constantly with Indosat Ooredoo's products and/or services. Promotions are held and targeted offerings are created to attract customer interest. Customer surveys are held to determine satisfaction.
Employees, other workers and their trade unions	Besides implementing good labor practices and periodic performance reviews, periodic employee surveys are held, and frequent talks are also held with the Indosat Ooredoo Employee Union. In addition a Collective Labour Agreement is negotiated every 2 years.
Suppliers	Working together to improve quality and ensure correct working procedures
Business partners	Working together on various initiatives
Local communities	Indosat Ooredoo helps connect local communities including in remote areas. In addition, Indosat Ooredoo supports local communities through initiatives such as disaster relief, seminars for university students, and more.
Civil society	Indosat Ooredoo supports the development of civil society at large by supporting knowledge transfer and supporting activities through its telecommunications network.
Shareholders	Indosat Ooredoo actively communicates its status to shareholders in a variety of ways including through formal General Shareholder Meetings. Material information is also publically disclosed on the website. Indosat Ooredoo strives to provide optimal returns to shareholders, among others through dividend payouts.
Government and regulatory bodies	Indosat Ooredoo strives to comply with governmental and regulatory regulations. Indosat Ooredoo also strives to support the government's targets for example the government target of establishing a safe working culture by 2015. Indosat Ooredoo further supports the government by providing infrastructure and services in support of certain government projects.

* Indosat Ooredoo did not specifically engage these stakeholders as part of the preparation process for this report.

Key Stakeholder Concerns

Indosat Ooredoo's stakeholders have communicated various concerns during the year, for example:

- The employees has raised various issues related to employment through the labor union and through Human Resources
- The government has raised various issues related to telecommunications infrastructure and regulatory compliance through formal channels and associations as well as through informal meetings.

IV. Corporate Governance

Governance Structure

The General Meeting of Shareholders (GMS) is the highest organ of authority, representing the interests of the shareholders.

The Board of Commissioners (BOC) supervises and monitors the management of the Company, and reports to Shareholders at General Meetings.

The BoC is supported by the:
- Audit Committee
- Risk Management Committee
- Budget Committee
- Nomination and Remuneration Committee

The duty of the Board of Directors is to lead and manage the Company in the best interest of the Company and in accordance with the objectives of the Company.

Composition of the Highest Governance Body and Supporting Committees

The primary factors in determining the composition of the members of the Board of Commissioners and its supporting committees are competence and qualifications. Other factors such as age, nationality and gender are secondary.

Similarly, members of the Board of Directors are appointed based on merit and ability to contribute based on their working experience and education, without prejudice to age, gender, race or nationality.

Composition of the BoC and BoD by Independent Members, Nationality, Gender and Age after the EGMS, March 15, 2016

Organ / Committee	Independent Members / Total Members	Indonesian citizen / Foreign	Female / Male	Youngest Member	Oldest Member
Board of Commissioners	3/10	5/5	0/10	44	63
Board of Directors	1/5	3/2	1/4	45	52

Composition of Supporting Committees by Independent Members, Nationality and Gender after the EGMS, March 15, 2016

Organ / Committee	Independent Members/ Total Members	Indonesian citizen / Foreign	Female / Male
Audit Committee	2 (including 2 independent experts)/4	3/1	0/4
Risk Management Committee	1/4	2/2	0/4
Budget Committee	1/5	2/3	0/5
Nomination & Remuneration Committee	1/4	1/3	0/4

Mechanisms for Recommendations to the Highest Governance Bodies

- All shareholders including minority shareholders are able to express their opinions at the General Meeting of Shareholders.
- All employees are able to express opinions to the management through:
  - The Indosat Ooredoo Employees Union (Serikat Pekerja Indosat Ooredoo)
  - Formal mechanisms such as periodic Townhall meetings
  - Employee interviews and surveys by the Human Capital
  - Informal communications channels
  - Anonymous reports through the Whistle Blower mechanism.

Remuneration of Highest Governance Bodies

Members of the Board of Commissioners receive fees for service/honorarium, incentives, insurance, and tantiem including facilities and other allowances including end of service fees that are proposed by the Nomination and Remuneration Committee for approval by the General Meeting of Shareholders.

The remuneration of the Board of Directors is determined by the Board of Commissioners, taking into consideration input from the Remuneration Committee, of which one component is the performance of the Company including financial performance and corporate governance.

Avoiding Conflicts of Interest

In the interests of maintaining independence and preventing conflicts of interests, members of Indosat Ooredoo's Board of Commissioners and Board of Directors are expected to inform the Company of ongoing major leadership roles and appointments in other companies or organizations. However, it is expected that such multiple appointments as the Commissioners and Directors chose to undertake outside of Indosat Ooredoo will not hinder or encumber them in carrying out their duties towards the Company. Our Articles of Association, or the Articles, state that any transaction involving a conflict of interest as defined in prevailing capital market regulations should obtain the approval of the independent shareholders in a general meeting of shareholders especially convened for such purpose.

Guiding Principles

Indosat Ooredoo's vision, mission, corporate values, Code of Ethics and Code of Conduct all reflect the commitment to create value in terms of economic, environmental or social benefits to stakeholders. These principles are in line with the Millennium Development Goals (MDG) established by the United Nations, of which Indosat Ooredoo is a signatory.

Across the organization, all employees are expected to understand and embrace these principles. Additionally, employees must annually sign the Code of Conduct.

Oversight of Indosat Ooredoo's Performance

Indosat Ooredoo's economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles, is periodically reviewed by the Board of Commissioners (BoC) as the highest governance body. The BoC is aided in this task by the Audit Committee Risk Committee, which function to identify relevant risks and help ensure compliance. In parallel, the Board of Directors is assisted in its management of the Company's economic, environmental and social performance by the Internal Audit unit.

In addition, to ensure proper implementation of Indosat Ooredoo ' Corporate Social Responsibility initiatives in a responsible, ethical and effective manner, a CSR Committee was established by the Board of Directors (BoD) in 2009 and its structure was subsequently revised at the May 10, 2011 BoD meeting. Comprising members of the Directors and Group Head personnel, the CSR Committee is responsible for guiding, leading and assessing our CSR activities. The CSR Committee is comprised of the Chief Executive Officer, Chief Financial Officer, Chief Corporate Services Officer, and various Group Heads.

Oversight of the Board of Commissioners' Performance

The Board of Commissioners is answerable to the shareholders at the Annual General Shareholders Meeting with regard to the economic, environmental and social performance of Indosat Ooredoo.

Endorsement of External Principles

As mentioned above, in 2011 Indosat Ooredoo became one of the first Indonesian signatories of the Millennium Development Goals (MDGs), a set of eight principles established by the United Nations with the goal of ending poverty. Indosat Ooredoo also upholds best practices as reflected by its multiple international certifications including ISO 9001:2000 for quality management (since 2006), ISO 27001 for IT security management (since 2013), and ISO 31000 for risk management (since 2013).

Memberships in Associations

Indosat Ooredoo is an active member of various industry associations and/or national/international advocacy organizations such as ATSI (Indonesia Telecommunications Providers Association), Apnatel (Indonesian Telecommunications Association), MASTEL (Masyarakat Telematika Indonesia), APJII (Indonesia ISP Association) and others.

Anti Corruption

Business units at Indosat Ooredoo are selectively examined by the Internal Audit function for risks related to corruption. Any findings will be presented to the Audit Committee for further evaluation and possible action.

All employees (100% of full time employees) have been socialized in Indosat Ooredoo's anti-corruption policies and procedures. The Indosat Ooredoo Code of Ethics strictly prohibits conflicts of interests, acceptance of gratuities, corruption, insider trading and illegal or unethical behavior. Each employee must sign a statement that they have read and understood the Code of Ethics. Employees must reconfirm this statement periodically through the Company Intranet.

Any Director or employee found to have violated the Code of Ethics will be disciplined accordingly, up to and including termination of employment.

V. Economic Impact

As a leading listed company and the second largest telecommunications provider in Indonesia, Indosat Ooredoo makes a significant economic contribution, both directly and indirectly.

Direct Value Creation

	2014 (Rp billion)	2015 (Rp billion)
Revenue	24,085.1	26,768.5
Expenses	(23,438.3)	(24,406.4)
Investing Activities (actual consolidated capital expenditures)	(6,838.1)	(10,058.1)
Employee Compensation	(1,738.6)	(1,921.1)
Profit (Loss) for the Year Attributable to Owners of the Parent	(2,008.4)	(1,310.0)
Income Tax Benefit-net	83.8	622.3

Market Presence

While Indosat Ooredoo develops its network primarily for the benefit of its customers, its infrastructure also provides a public benefit it helps connect communities and boost productivity, especially in remote and isolated areas that Indosat Ooredoo has connected such as rural Kalimantan, Papua and Sumatera. Indosat Ooredoo also supports thousands of jobs at dealerships and suppliers.

Developing Indonesia's Digital Ecosystem

Indosat Ooredoo supports the development of the Indonesian digital ecosystem in a number of ways including:

- Indosat Wireless Innovation Contest (IWIC), an annual technological innovation contest to increase interest in wireless applications
- Our Ideabox accelerator run together with Mountain SEA Partners from Silicon Valley provides seed funding and support for local start ups
- Our SB-ISAT venture capital fund to invest in Indonesian start ups
- In house creation of digital products and services that will enrich lives and improve productivity such as Dompetku, an innovative service that will enable Indosat Ooredoo customers to carry out day-to-day financial transactions over htier handphones.

Together these efforts directly and indirectly help to create economic value within the fast growing Indonesian digital ecosystem.

Employee Salaries

In 2015, total salary paid out to employees amounted to Rp723.6 billion.

In addition, the Company provide defined benefit pension plans to their respective employees under which pension benefits to be paid upon retirement are based on the employees' most recent basic salary and number of years of service. PT Asuransi Jiwasraya ("Jiwasraya"), a state-owned life insurance company, manages the plans. Pension contributions are determined by periodic actuarial calculations performed by Jiwasraya.

Supporting Local Suppliers

The Company generally gives preference to local (domestic) suppliers were economically feasible, rather than foreign suppliers. Besides saving transportation costs and energy, this helps to support the local economy. The level of locally supplied content (Domestic Content Rate - TKDN) for Indosat Ooredoo's operational expenditure and capital expenditure reached 84.34% and 71.25% respectively in 2015 (based on Indosat Ooredoo's Self Assessment Results which will be verified by the Ministry of Communication and Informatics at the end of 2016).

Economic Impact of Climate Change

Indosat Ooredoo's operational activities are not directly dependent on the weather. However, many parts of Indonesia are vulnerable to natural disasters such as earthquakes, tsunamis, floods, volcanic eruptions as well as droughts , power outages or other events beyond our control and which may be affected by climate change. In 2015, floods in Jakarta resulting from excessive rainfall resulted in disruptions to businesses and evacuations in the city. In addition, the economy could be impacted by agricultural disruptions caused by changing weather patterns as a result of climate change. Such weather-related issues could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Indosat Ooredoo is a major contributor to both direct and indirect economic growth

Governmental Assistance

Indosat Ooredoo does not receive significant financial assistance from the government.

VI. Environmental

Energy

One of Indosat Ooredoo's primary uses of energy is for the operation of its Base Transceiver Stations (BTS).

Fuel Consumption by BTS with Power Generators outside of MSC/DRC/Core locations:

	2015	2014
Number of Locations (national)	4,221	4,271
Amount of fuel consumed (liters)	6,626,085	10,615,226
Average national consumption (liters)	1,569	2,485

In addition, many facets of our operations such as commercial promotions, transportation, network expansion, call center, data center, and more, consume energy indirectly. However, the total amount of indirect energy consumption has not yet been measured.

Energy Savings

Indosat Ooredoo is always looking to save energy through conservation and efficiency improvements. As an example, the network modernization that Indosat Ooredoo has implemented will deliver cost savings of more than 25% over the original design. In addition, the usage of fluidic batteries can save up to 60% in fuel costs used by BTS. Indosat Ooredoo has also moved to reduce indirect energy consumption through measures such as decreasing unncessary travel.

Water Usage

Water is not a significantly factor in our operations, and thus Indosat Ooredoo does not calculate or track total water withdrawal by source, nor does it recycle and reuse water in large quantities. No water sources were significantly affected by Indosat Ooredoo's operations in 2015.

Biodiversity

The majority of Indosat Ooredoo's infrastructure is found in inhabited areas. In general, Indosat Ooredoo's infrastructure does not infringe on protected areas or areas of high biodiversity value outside protected areas. In 2015, the company's activities, products and services did not significantly impact protected areas or areas of high biodiversity value outside protected areas.

Emissions and Green Houses Gases

At this moment, Indosat Ooredoo does not measure total direct and indirect greenhouse gas emissions produced, or other relevant indirect greenhouse gas emissions. Initiatives to reduce greenhouse gas emissions included using fluidic batteries to power BTS, thereby reducing fuel usage by up to 60%, and using solar-powered BTS in remote areas. The total amount of emissions of ozone-depleting substances by weight NO, SO, and other significant air emissions by type and weight, have not yet been measured at this time.

Waste and Effluents

Indosat Ooredoo's operations do not involve or generate significant amounts of effluents or waste. Consequently the total effluent discharged was irrelevant as a measure of Indosat's operations. and not measured.

Total waste by weight in 2015 was not recorded, including transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and the percentage of transported waste shipped internationally. No spills of waste took place in 2015.

Products and Services

Indosat Ooredoo continuously tries to make its infrastructure and network more fuel efficient. By switching out fluidic batteries and modernizing the network, and by using solar-powered BTS in remote areas, Indosat strives to provide better quality service while using fewer resources. At this point in time, packaging materials from products sold are not reclaimed/recycled.

Compliance

Indosat Ooredoo was not subject to any significant fines and or non-monetary sanctions for noncompliance with environmental laws and regulations in 2015.

VII. Our People

Indosat Ooredoo views our employees as an essential factor in our drive to become a leading digital telecommunications company. From recruitment to engagement and retention, we aim to attract and develop the best people through various initiatives.

Composition of Employees

Note: Figures are for Indosat Ooredoo employees only, not including subsidiary company employees, unless otherwise stated.

Number of Employees by Level

	2015	2014
BOD/Chief	10	9
Group Head/Advisor	62	58
Division Head/Expert	246	218
Manager/Expert	705	670
Senior Staff	1,463	1,298
Staff	692	796
Total	**3,178**	**3,049**

Number of Managerial vs. Non-Managerial Employees as of December 31, 2015

	Managerial Level	Non-Managerial Level	Total
2015	1,023	2,155	3,178
2014	955	2,094	3,049

Number of Employees by Employment Contract on a Consolidated Basis (including subsidiaries) as of December 31, 2015

	Permanent	Contract
2015	4,227	93
2014	4,100	85

Employee Turnover

Our turnover rate for employees during 2015 was 6.1% per annum, representing an increase/decrease from 10.0% in 2014. As of December 31, 2015, our employees had worked for us for an average of 12 years.

Number of Years Worked	2013	2014	2015
0-5	421	685	863
6-10	410	366	298
11-15	1,158	1,081	759
16-20	713	585	813
21-25	225	240	345
26-30	93	74	84
31-35	26	18	16
36-40	0	0	0
Total	**3,046**	**3,049**	**3,178**

Diversity & Equal Opportunity

Indosat Ooredoo is committed to embracing diversity and providing all employees with equal opportunities, including providing remuneration that is solely based on merit and performance, regardless of gender, race or religion, in accordance with the guidelines of the Company.

Specifically for regional sales offices, preference may be given to local hires who are already familiar with the local market.

Performance and Career Development Review

All full time employees of Indosat Ooredoo receive regular performance and career development reviews, in accordance with the Key Performance Indicators that have been established.

Employee Training

Indosat Ooredoo continued to prioritize employee training and development in 2015 as part of its drive to create a high performance culture and strengthen employee engagement. Employees at all levels of the organization have the opportunity to participate in training related to the relevant competencies.

Training in 2015

	2015	2014
Number of Training Programs	475	483
Number of Participants*	6,050	6,110
Total Cost of Training	Rp21.6 billion	Rp29.0 billion
Training Cost/ Individual	Rp3.9 million	Rp4.7 million

* An employee may participate more than once.

Lifelong Learning Programs

Indosat Ooredoo has implemented programs to assist employees with skills management and lifelong learning to support the continued employability of employees and assist them in managing career endings. These programs will continue to be developed so as part of pension and career transition preparations.

Employee Benefits

Certain benefits are provided to full-time employees who meet eligibility requirements that are not provided to temporary or part-time employees. These include:

- A pension plan, benefits and pension plan provisions for employees who receive fully funded facilities from the company as laid forth in the provisions agreed upon between the Company and pension scheme administrator (Jamsostek).
- Social security for workers (Jamsostek) whereby Social Security contributions are made by the Company.

Medical Care and Treatment Facilities, consisting of:

a. Outpatient benefits
b. Inpatient benefits (including maternity hospitalization)
c. Dental care & medical benefits
d. Glasses benefit
e. General Benefits Check Up (GCU)
f. Life Insurance
g. Marriage Assistance for Employees.
h. Funeral & Burial Assistance.

The Company covered the following health benefits used by Indosat employees in 2015:

- Number of employees who had Medical Check Ups: 1,331
- Number of employees and their families undergoing outpatient treatment: 4,400
- Glasses facility: 2,103
- Number of hospitalization days for employees and their family members: 6,037
- Number of employees and their families handled by Indosat clinic: 823 (dental clinic), 1,428 (health clinic)

Minimum Wage

Indosat Ooredoo is committed to paying at least local minimum wage at the locations where it operates, in compliance with government regulations.

Collective Labor Agreement

All Indosat Ooredoo employees are covered by the Collective Labour Agreement (CLA). The CLA is renegotiated and signed every two years between Indosat Ooredoo management and the Indosat Ooredoo Employee Union (SPI).

The CLA covers issues related to general terms of employment including working hours, payroll, employee development and competency, occupational safety and health, employees' welfare, social allowances, employees' code of conduct and mechanisms for handling labor disputes. The purpose of the CLA is to support business success for the company while also safeguarding employee rights.

Defined Benefit Pension Plans

The Company provide defined benefit pension plans to their respective employees under which pension benefits to be paid upon retirement are based on the employees' most recent basic salary and number of years of service.

Occupational Health & Safety

Indosat Ooredoo has established a Safety and Health Guidance Committee that functions to help protect employees against the risk of accidents and illness related to work.

Work Injury Rates

There were no work related fatalities, serious injuries, or incidents of occupational diseases among Indosat Ooredoo employees in 2015.

Prevention and Treatment of Disease

To assist with prevention and early treatment of diseases, eligible Indosat Ooredoo employees and their families may go for medical check ups and visits to the Indosat Ooredoo general health clinic as well as the Indosat Ooredoo dental clinic.

Breakdown of All Employees by Age

Age	2013	2014	2015
< 25 Years	91	144	50
25-35 Years	814	931	1,025
35-45 Years	1,680	1,590	1,608
45-50 Years	354	309	404
> 50 Years	107	75	91
Grand Total	**3,046**	**3,049**	**3,178**

Breakdown of all Employees by Gender

Year	Male	Female	Total
2013	2,145	901	3,046
2014	2,170	879	3,049
2015	2,276	902	3,178

We are committed to caring for our employees as our most important assets

VIII. Human Rights

Indosat Ooredoo has a general commitment to uphold human rights in line with the Millennium Development Goals. At this time, referencing standard industry practices in the Indonesian telecommunications sector, Indosat Ooredoo does not require human rights screening or clauses incorporating human rights concerns in its investment agreements and contracts, or human rights screening of its suppliers. Nor are employees required to undergo training on human rights as this aspect is generally considered not relevant to our operations. However, all employees are expected to behave ethically and respectfully of others.

Non Discrimination

No significant human rights incidents of discrimination or corrective actions were recorded in 2015.

Freedom of association and collective bargaining

Indosat Ooredoo employees have the right to exercise freedom of association and carry out collective bargaining. The Indosat Ooredoo Labor Union (Serikat Pekerja Indosat Ooredoo/SPI) was established on August 25, 1999.

A Collective Labor Agreement (CLA) document is negotiated, agreed upon and signed by the Management of Indosat Ooredoo and the SPI for a period of 2 (two) years, every two years the terms of which cover general provisions governing working hours, salary, employee development, Health Safety Security and Environment (HSSE), employee welfare, social benefit, disciplinary procedures and dispute settlement mechanisms.

Child Labor

Indosat Ooredoo does not hire underage employees. All employees are above the minimum working age.

Prevention of Forced and Compulsory Labor

Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

Security Practices

Indosat Ooredoo's security personnel do not receive specific human rights training as this is not considered relevant to Indosat Ooredoo's core operations.

Indigenous Rights

No incidents of violations involving the rights of indigenous people were recorded in 2015.

Assessment

Indosat Ooredoo does not conduct human rights reviews or impact assessments of its operations, as its operations do not significantly involve human rights issues.

Remediation

No grievances related to human rights were filed against Indosat Ooredoo in 2015.

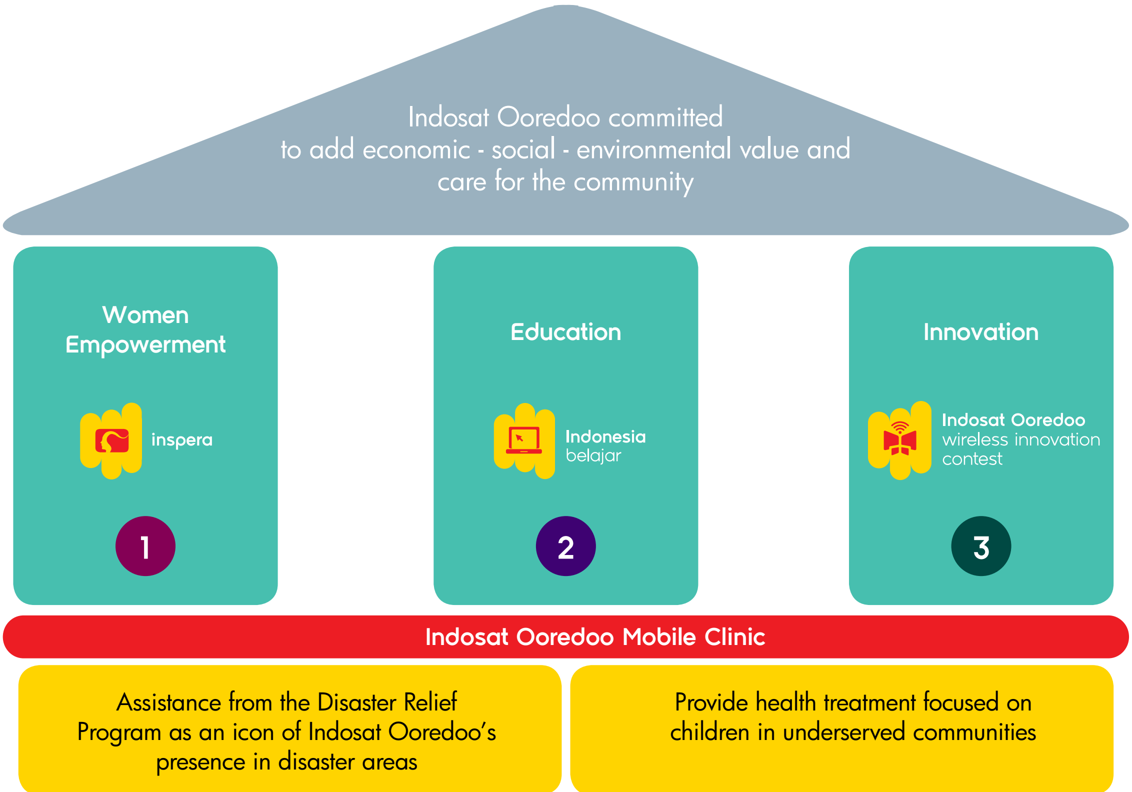
IX. Society

As a leading telecommunications provider and listed company, Indosat Ooredoo has a responsibility to act as an ethical corporate citizen and contribute to society.

Local Community

Indosat Ooredoo has implemented many community engagement and development programs at both national and local levels. As such the Company has not categorized its community programs by operational unit and thus the percentage of operations which has implemented local community development programs is not considered a valid measure. Overall, Indosat Ooredoo's operations in 2015 were not considered to have significant potential or actual negative impacts on local communities.

Rather, the net impact of Indosat Ooredoo's activities at the community level tended to be positive as it facilitated access to telecommunication services and/or associated digital products, as well as improved basic health, education and women's empowerment, in line with its CSR program program pillars as follows:



CSR Foundation: Health

The Indosat Mobile Clinic program was created in 2007 as a mobile solution to reach underserved communities (with a focus on children) in rural areas, as well as victims of natural disasters. The Mobile Clinics provide a range of free services to these beneficiaries covering medical treatment including ultrasound scans for pregnant women, medicines, professional medical staff, vitamin distribution and nutritional advice, and general education regarding the importance of healthy living.

More than 737.000 people have been treated since the inception of the program, of which more than 51.000 were treated in 2015.

Areas of operation in 2015

Island	Area	Number of Mobile Clinic Vehicles
Sumatera	Bengkulu, Medan, Padang, Lampung	4
Kalimantan	Banjarmasin, Pontianak	2
Java	Bandung, Ciamis Jakarta, Surabaya, Tegal, Yogyakarta	8
Sulawesi	Makassar	1
Papua	Jayapura	1
Total		**16**

During the year the Mobile Clinics also delivered front line, fast response health treatment to natural disaster victims of:

- flooding in Jakarta
- the eruption of Mt Sinabung in Medan, Sumatra
- flooding in Sulawesi and Bandung, West Java
- landslides in Papua and Central Java
- haze disaster pollution from forest fires.

Besides free health treatment, the Mobile Clinics helped bring in needed materials such as food, blankets, clothes, masks, schoolbooks and more to disaster sites.

Pillar 1: Women Empowerment

Indosat Ooredoo has established a women's empowerment program called INSPERA (Inspiring Indonesian Women) which incorporates ICT aspects. INSPERA focuses on sustainably improving and empowering underprivileged women's capacity to earn income.

- 50 women and housewives in Sokaraja Kulon Village, Sokaraja Sub-district, Banyumas District, Central Java, were taught to make distinctive Banyumasan batik and derivative product with a unique pakem motif, and sell it over the internet. This benefited themselves as well as 200 family members.
- Selected female applicants were given micro loans using an e-money payment solution called Dompetku which sent funds through their phones. Participants received coaching and mentoring on developing their businesses, as well as monitoring and evaluation. Borrower repayments on loans were then rolled back into the program to fund new participants, creating a self-funding, sustainable structure. At the end of 1 year, Indosat Ooredoo working capital targeted support for up to 557 women with indirect impact to 2,228 family members.

Pillar 2: Education – Indonesia Belajar

Indosat Ooredoo created the Indonesia Belajar school development program to help target schools achieve the 9 National Education indicators established by the Ministry of Education. Target schools received mentoring cher training.

In November 2015, a Cyber School was launched that uses digital technology to make good education more accessible and affordable nationwide. The Cyber School program includes the implementation of the Cyber School, empowerment of teachers as well as the provision of infrastructure for digital education.

Pillar 3: Innovation

Indosat Ooredoo continuously encourages innovation. In 2015, we held the 9th Indosat Ooredoo Wireless Innovation Contest (IWIC) to encourage technological innovation amount young Indonesians. In 2015, we are proud to announce that we had 3,173 participants, of which 23% was female, compared with 1,738 participants in 2014 and 667 participants in 2013. This shows that IWIC has successfully piqued the interest of the Indonesian youth including kids and teens in the technology sector. IWIC has also successfully expanded the number of world-class organizations that it partners with to include Internet.org by Facebook, Starhub through Crowdtivate, Founder's Institute, and more. IWIC has won numerous global and local awards over the years in recognition of its innovative impact.

Rising applications in IWIC

2015	2014	2013
3173	1738	667

Public Policy

Indosat Ooredoo is an active member of various industry associations and/or national/international advocacy organizations such as Apnatel (Indonesian Telecommunications Association), MASTEL (Masyarakat Telematika Indonesia), APJII (Indonesia ISP Association) and others.

X. Product Responsibility

Customer health and safety

Indosat Ooredoo strives to ensure that its products and services are safe for customers to use at all stages. Specifically, Indosat Ooredoo strives to ensure that it uses radio telecommunications equipment that is not hazardous to customer health, in line with acceptable industry practices.

There were no number of incidents of major non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services in 2015.

Product and service labeling

All Indosat Ooredoo prepaid subscription vouchers are accurately labeled for ease of use including information on tariffs and user instructions. We also try to give accurate information on all our products and services to customers, for more.

In 2015, there were no incidents of major non-compliance with regulations and voluntary codes concerning product and service information and labeling.

Customer Satisfaction

Maintaining and improving customer satisfaction is at the forefront of Indosat Ooredoo's efforts. A variety of initiatives were taken in 2015 to improve customer satisfaction, foremost among them the launch of the 4G LTE network giving better quality, quantity and network coverage for improved user experience, with download speeds of up to 185 Mbps and upload speeds of up to 41 Mbps.

Indosat Ooredoo's CSAT customer satisfaction score stood at 80% in 2015.

Marketing Communications

Indosat Ooredoo is committed to complying with all relevant laws and standards related to marketing communications, including advertising, promotion, and sponsorship. Indosat Ooredoo also voluntarily strives to ensure that all its commercial advertisements safeguard customers from confusion or misperceptions.

There no major incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, or sponsorship in 2015.

Customer privacy

In 2015, Indosat Ooredoo received no substantiated complaints regarding breaches of customer privacy and losses of customer data. It also strives to protect the confidentiality of data and customer profiles by maintaining a secure network and data center as reflected by our ISO 27001 information security management system (ISMS) certification covering information technology, security techniques, and information security management systems and requirements.

Compliance

Indosat Ooredoo strives to comply with all relevant laws and regulations. Nonetheless, from time to time cases may arise that are related to compliance. For complete details for all current cases please refer to the 2015 Annual Report.

Disclaimer

This is the Annual Report for the year ended December 31, 2015 and prepared in accordance with OJK Rules. In this Annual Report, references to "Indosat", "Indosat Ooredoo", "Company", "we", "us", and "our" are to PT Indosat Tbk and its consolidated subsidiaries. All references to "Indonesia" are references to the Republic of Indonesia. All references to the "Government" herein are references to the Government of Indonesia. References to "Indonesian rupiah" or "Rp" are to the lawful currency of Indonesia and references to "U.S. dollars" or "US$" are to the lawful currency of the United States. Certain figures (including percentages) have been rounded for convenience, and therefore indicated and actual sums, quotients, percentages and ratios may differ. Unless otherwise indicated, all financial information with respect to us has been presented in Indonesian rupiah in accordance with Indonesian GAAP.

This Annual Report contains certain financial information and results of operations, and may also contain certain projections, plans, strategies, and objectives of Indosat, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements are subject to risks and uncertainties that may cause actual events and the Company,s future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by Indosat, or indicated by any such forward looking statements, will be achieved. No information herein should be reproduced without the express written permission of the Company. For updated information, please contact the Investor Relations & Corporate Secretary Group at Jl. Medan Merdeka Barat No. 21, Jakarta 10110, Indonesia. Tel. (62-21) 3000 3001 ext. 2615, Fax. (62-21) 3000 3002 or E-mail: investor@indosatooredoo.com.

We are committed to communicating openly with each of our stakeholders. All stakeholders can visit our website at www.indosatooredoo.com for more information about Indosat. An online version of this document is also available at www.indosatooredoo.com.

2015 Annual Report

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